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CIS

TO IMPROVE THE QUALITY OF TABLE GRAPES FOR MARKETING IN THE UNITED STATES

HEARING

BEFORE THE

SUBCOMMITTEE ON
AGRICULTURAL PRODUCTION, MARKETING,
AND STABILIZATION OF PRICES

OF THE

COMMITTEE ON AGRICULTURE,
NUTRITION, AND FORESTRY
UNITED STATES SENATE

NINETY-SEVENTH CONGRESS

SECOND SESSION

ON

S. 505

A BILL TO IMPROVE THE QUALITY OF TABLE GRAPES FOR MARKETING IN THE UNITED STATES

JUNE 17, 1982

Printed for the use of the
Committee on Agriculture, Nutrition, and Foresty

U.S. GOVERNMENT PRINTING OFFICE
97-057 O WASHINGTON : 1982

5161-26

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TO IMPROVE THE QUALITY OF TABLE GRAPES FOR MARKETING IN THE UNITED STATES

THURSDAY, JUNE 17, 1982

U.S. SENATE, SUBCOMMITTEE ON AGRICULTURAL PRODUCTION, MARKETING, AND STABILIZATION OF PRICES, COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY,
Washington, D.C.

The subcommittee met, pursuant to notice, at 10 a.m., in room 324, Russell Senate Office Building, Hon. Thad Cochran (chairman of the subcommittee) presiding.

Present: Senators Cochran and Hayakawa.

STATEMENT OF HON. THAD COCHRAN, A U.S. SENATOR FROM MISSISSIPPI

Senator COCHRAN. The subcommittee will come to order.

I would like to welcome everyone to today's hearing on S. 505, which was introduced by Senator Hayakawa from California.

The bill would add table grapes to other commodities listed in section 608e of the Agricultural Marketing Agreement Act. This would require that imported table grapes meet the same size, grade, and maturity standards as those produced by the marketing orders of the United States.

There currently are two marketing orders in effect for domestically produced table grapes, one for grapes growing in California in Coachella Valley and one for domestic grapes grown in the San Joaquin Valley.

The United States imports of fresh grapes have increased during the 1970's with Chile and Mexico being the major suppliers. Grapes are imported from Chile in the late winter and early spring and do not compete with U.S. production. Thus, it appears that the primary impact of the legislation would be on Mexican imports, which directly compete with table grapes produced in the Coachella Valley.

I am interested in hearing what impact the quality differences are having on our domestic industry, as well as the implications that passage of the legislation would have on our trade relations with Mexico.

Before we begin with the administration panel, I would like to welcome Senator Alan Cranston from California to the subcommittee hearing and invite you, Senator, to make any comments or statment that you wish.

STATEMENT OF HON. ALAN CRANSTON, A U.S. SENATOR FROM CALIFORNIA

Senator CRANSTON. Thank you very much, Mr. Chairman. I appreciate very much your scheduling this hearing on S. 505, legislation I have cosponsored with Senators Hayakawa and Huddleston to improve the quality of table grapes for marketing in the United States.

This measure is identical to H.R. 1582 which has been introduced in the House by Congressman Jerry Lewis who represents the Coachella Valley.

Specifically, S. 505 would include the Federal marketing order for Coachella Valley table grapes under section 608e of the Agricultural Adjustment Act thereby requiring foreign grown grapes to meet the same minimum standards as those already set for the Coachella Valley grapes.

At the request of the Coachella Valley growers the U.S. Department of Agriculture assisted with the preparation of a Federal marketing order for Coachella Valley table grapes.

The marketing order specifies minimum standards for grape size, quality, and maturity—sweetness—for Coachella Valley grapes which normally are marketed between May 15 and August 1.

In order to be implemented the marketing order had to be approved by two-thirds of the growers and producers of two-thirds of the grape volume. In fact, the marketing order was approved unanimously and went into effect August 1, 1980.

By including the Federal marketing order under section 608e as proposed in S. 505, imports will have to meet the same standards as those set for Coachella Valley grapes.

At the present time, Mexico is the principal supplier of imported table grapes during the Coachella Valley season, although it is my understanding that in some years there has been a very brief overlap with Chile's grape season which runs from late winter to early spring.

Mr. Chairman, I want to emphasize that passage of this bill would in no way prohibit the importation of Mexican or other foreign grown table grapes or limit the amount of foreign grapes which can enter the United States.

Implementation of section 608e merely would assure fair competition for the Coachella Valley grapes by closing a loophole in existing law which permits imported grapes to be of lesser quality than domestic grapes marketed under the Federal marketing order.

There is no question that Mexican grapes can meet the standards of the marketing order. According to the Agricultural Marketing Service of USDA, in 1980 83 percent of the table grapes imported from Mexico received a U.S. grade 1 standard classification—which is higher than the marketing order standard.

Only 11 percent failed to meet the U.S. grade 1 maturity requirement, 1 percent failed to meet U.S. grade 1 size, and 5 percent failed to meet U.S. grade 1 standard for other defects.

If the Mexican table grapes are held on the vine just a few more days, an even larger percentage should meet the standard for maturity.

I want to point out, Mr. Chairman, that nearly half of the Mexican grapes entering the United States are already being inspected and graded on a voluntary basis

These inspections are conducted by USDA—not by U.S. growers—inside the shippers' own refrigerated warehouses near the United States-Mexican border so that chilled grapes did not have to be exposed to open air which shortens the grape shelf life. This legislation would not change these inspection procedures. Exclusive standard screening authority would remain with USDA.

In addition to assuring fair competition, this legislation will help insure that American consumers receive a good, sweet grape that meets high standards. Because the earliest grapes marketed command the highest prices, all growers have an incentive to harvest at the earliest possible date. But early season sales of inferior quality grapes picked prematurely merely depress consumer demand and hurt all producers throughout the rest of the table grape season.

Thus, both foreign and domestic growers should be helped by promoting a stable market of reasonably priced table grapes that appeal to the consumer.

Mr. Chairman, I am sure that you are aware that section 608e is already applicable to numerous other commodities including oranges, onions, walnuts, dates, filberts, raisins, prunes, olives, and others. Thus, this legislation would in no way be precedent setting.

S. 505 is strongly supported by national and regional food industry groups. It is endorsed by the Food Marketing Institute, United Fresh Fruit & Vegetable Association, the California Grape & Tree Fruit League, and the Western Growers Association.

Mr. Chairman, I hope that when you conclude these hearings today you will agree that this legislation is desirable—that it will be beneficial to all parties involved, domestic and foreign growers as well as U.S. consumers—and promptly recommend favorable action by the full Senate Agriculture Committee.

Thank you for this opportunity to testify.

Senator COCHRAN. Thank you, Senator, for being here. We appreciate your comments very much.

Senator CRANSTON. Thank you very much.

Senator COCHRAN. We also notice Senator Hayakawa is here, the principal author of the legislation.

Sam, please feel free to proceed with any remarks that you might have.

STATEMENT OF HON. S. I. HAYAKAWA, A U.S. SENATOR FROM CALIFORNIA

Senator HAYAKAWA. Thank you very much, Mr. Chairman.

Thank you, Alan, for your support of this program.

I am very grateful for the opportunity to sit in with this subcommittee this morning and comment on S. 505, a bill to require imported table grapes to meet the same quality standard as domestically produced table grapes.

I introduced S. 505 on February 19, 1971. This bill is cosponsored by my colleague from California, Senator Cranston, and by Senators Huddleston and Laxalt.

I am very pleased that the subcommittee is now holding hearings on this legislation. S. 505 would amend the Agricultural Marketing Agreement Act to assure that imported table grapes meet the same minimum size, grade, and maturity standards as are applicable under a Federal marketing order to domestic grapes grown in the Coachella Valley in southern California.

Similar requirements to meet minimum domestic quality standards already apply to imports of 13 other fresh fruits and vegetables covered by Federal marketing orders.

I believe Senator Cranston enumerated most of those other products.

The limited marketing season for most fresh fruits, as well as the highly competitive nature of these markets, provide important incentives to move produce for sale as quickly, as early in the season as possible.

In the case of grapes, however, it is often difficult for consumers to distinguish fully mature produce by appearance alone. Because grapes do not continue to ripen once they have been harvested, grapes brought to market prematurely tend to be significantly less sweet than the fully mature grapes, even though the two may be virtually impossible to distinguish by sight.

Consumer purchase of inferior quality grapes, particularly early in the marketing season, can significantly dampen subsequent sales.

Now, consistent quality standards for all grapes as provided by S. 505 would avoid erosion of consumer confidence. This bill helps to assure table domestic markets and ultimately this will benefit all producers of table grapes, both foreign and domestic.

Enactment of S. 505 would not compromise U.S. trade policies or obligations. The GATT, as well as other international trade agreements, recognizes the right of participating nations to adopt produce standards and other measures on a nondiscriminatory basis, to promote important domestic health, environment, and consumer protection objectives. In this regard important data compiled by the Department of Agriculture suggest that the application of current U.S. minimum quality standards to imported grapes would not impose a substantial burden on foreign growers.

Mr. Chairman, I would like to submit for the record a statistical analysis from the Fruit and Vegetable Division of the USDA.

[The following material, prepared by the Department of Agriculture, was submitted by Senator Hayakawa:]

U.S. Department of Agriculture,
Office of Budget and Program Analysis,
Washington, D.C., May 3, 1982.

Subject: Imports of Grapes From Mexico.
To: Richard Douglas.

As requested, here is some information regarding the inspection records for grapes from Mexico. The attached report shows that less than 50 percent of the imported grapes had requested inspections for both 1980 and 1981. While in 1980, 80 percent met U.S. No. 1 standards, a year later, the failure rate was twice as high and largely due to scars, undersized bunches and weak berries. Informally, the inspectors tell us that the importers probably chose the better lots for inspections. Thus, one may infer that the failure rate on the 50 percent uninspected crossings would be higher than those of record.

An examination of the inspections by week shows that in 1980, 60 percent of those lots failing the U.S. No. 1 standards, due to lack of maturity, entered during the first six weeks of the 1980 season. Note also that small berry size, small bunches and other factors weighed very heavily during the early part of the season too.

While these data are interesting, they should not be considered representative of all imported grapes nor an indication of the rejection rate for next year's crop.

The April 27 materials developed by John Markus, the law firm representing *grape growers*, indicated two objections were raised by the Special Trade Representative's office on why Section 8(e) table grape legislation should be rejected. The objections are that: (1) Arizona which produces 20 percent of the U.S. grapes, has a 0.5 percent lower level for soluble solids than does the Federal order in California; and (2) importers would not be able to market grapes for processing if they would fall below the standard.

In examining the first concern, AMS found that Arizona uses a refractometer rather than a hydrometer for testing. AMS is examining whether the methods of testing explain the differences in the standards. We will keep you informed of the AMS review.

The second concern is not a practical problem. Experience has shown AMS that once the importers and producers know the standards, they only ship that produce which will meet the regulations. It is not profitable to ship lower quality grapes long distances. Therefore, those grapes will be used for processing by wineries in Mexico.

Hopefully, this information will be useful in your discussions of the grape import standards issue. Let us know if you need anything further.

Jon Meyerson.

Attachment.

November 4, 1981.

To: Charles R. Brader, Director, Fruit and Vegetable Division.
From: Michael A. Castilla, Chief, Fresh Products Branch.
Subject: Imports of Grapes from Mexico.

The following information covers Mexican grape crossings at Nogales, Arizona, during 1980 and 1981. Inasmuch as only an insignificant amount of grapes cross at other U.S.-Mexico border points, we did not contact those locations for information.

1980: We inspected 400 lots totaling 352,728 containers (22-lb. lugs) which represented 48 percent of total crossings. A breakdown of the containers inspected shows:

	Percent	Number
U.S. No. 1	83	293,272
Failed U.S. No. 1 account maturity	11	37,459
Failed U.S. No. 1 account berry size	1	5,221
Failed U.S. No. 1 account defects other other than maternity	5	16,776

1981: We inspected 419 lots totaling 342,225 containers (22-lb. lugs) which represented 46 percent of total crossings. A breakdown of containers inspected shows:

	Percent	Number
U.S. No. 1	60	203,734
Failed U.S. No. 1 account maturity	14	47,786
Failed U.S. No. 1 account berry size	7	24,668
Failed U.S. No. 1 account defects other other than maternity	19	66,037

We have no way of telling how many of the U.S. No. 1 grapes actually were sent to Canada. Although each certificate issued on U.S. No. 1 grapes routinely shows "Meets Canadian Import Requirements," it is not possible for us to maintain a record of shipments which ultimately wind up in Canada.

GRAPE INSPECTIONS—NOGALES, ARIZ., 1ST 6 WEEKS OF 1980 SEASON

	Week of					
	May 24	May 31	June 7	June 14	June 21	June 28
Number of inspections	4	26	70	68	75	71
U.S. No. 1	3,892	21,589	45,789	51,678	47.517	53,927
Failed No. 1 maturity	330	7,465	4,608	1,056	3,024	6,600
Failed No. 1 berry size			1,115		3,789	768
Failed No. 1 other defects (mostly scars, undersized bunches, weak berries)		780	1,188	4,522	2,634	5,596

Senator HAYAKAWA. It is my understanding from USDA that Canada requires imported table grapes to meet the USDA No. 1 standard.

The Agricultural Marketing Service performs for the Canadians an inspection service at the United States-Mexican border.

I now submit for the record an analysis which summarizes the results of the inspection for table grapes found for Canada.

In 1980, 83 percent of the table grapes inspected were certified as USDA No. 1. In 1981, 60 percent were certified.

Mr. Chairman, I think that this analysis makes it clear that imported grapes can meet our domestic quality standards and imposition of quality standards would not bar imports.

S. 505 imposes no limitation on imported table grapes. It only requires foreign producers to meet the same quality standards as our own domestic producers.

Mr. Chairman, I am grateful to you for holding these hearings on S. 505 and I urge you to act on S. 505 as soon as possible.

Senator COCHRAN. Thank you, Senator. Let me express the appreciation of the subcommittee for your initiative and your bringing this problem to the attention of the subcommitee.

As a member of the full Committee on Agriculture, you have done a fine job in the past, as you continue to do, in focusing attention in some issues that need attention by the Department and by the Congress. This obviously is one of them.

We have a panel of administration witnesses who are here to discuss the legislation and answer any questions that we might have and I think at this point we will invite them to come up to the committee table and we will discuss this further.

Chuck Brader, who is Director of the Fruit and Vegetable Division of the Agricultural Marketing Service, is here. We welcome you to the committee.

Gilbert Sindelar, Director of Horticulture and Tropical Products Division of the Foreign Agricultural Service, is here with us, as well.

We appreciate both of you attending the hearing.

I was interested in statements that both Senator Cranston and Senator Hayakawa made about the fact that this legislation would not violate any existing trade agreements or trade policy of our Government.

Do you have any comments about that? Do we run the risk of violating any of our existing agreements, either the General Agreement on Tariffs and Trade [GATT], or any others that you know of if we adopt this legislation?

Mr. SINDELAR. Insofar as I am aware, there is no risk of violating any established rules or regulations in GATT.

Senator COCHRAN. What about any other trade agreements or policies that exist now?

Mr. SINDELAR. I know of none, sir.

Senator COCHRAN. The statements submitted by Senator Hayakawa and Senator Cranston also indicate that a substantial number of the grapes being imported from Mexico already meet minimum standards.

Is this consistent with information that you have as a result of the inspection of these grapes? Senator Hayakawa said 60 percent met the standards in 1981 and 83 percent in 1980.

Senator Cranston pointed out that 11 percent of imports didn't meet minimum standards for Mexico.

Do you have any figure or other information about any hardship that might be imposed on Mexican growers or our friends in Chile, as well?

Mr. BRADER. Mr. Chairman, the data that Senator Hayakawa cited are data that come from the records of our Inspection Service. Our Inspection Service examines fruits and vegetables, including grapes, on a voluntary basis. When an interested party asks for quality inspection, we perform that service, and in the case of grapes being imported from Mexico, it is our belief that we are inspecting about half or perhaps more than half of the grapes that are entering this country.

We cannot speak for the quality of the remainder. Of what we have looked at in the past 2 years, the data that Senator Hayakawa refers to are data from our office.

Senator COCHRAN. What new inspection procedures would have to be followed if this legislation is agreed to? Would it impose any new costs on the Government or burden our system of inspection in any way?

Mr. BRADEN. We do not believe that there would be a significant change in the inspection requirements.

As I mentioned, our Inspection Service is on a voluntary basis, the fees being paid by the people who request the inspection. That is true whether the inspection is mandatory or whether it is voluntary, as it is now. The people who request the service must pay for it, so there is no increase in Federal costs.

Senator COCHRAN. There is some question about the effect of the bill on existing marketing orders. Could you describe any problems that might result in existing orders that would have to be changed, if any, that would have any effect on U.S. growers, producers, or foreign producers?

Mr. BRADER. Mr. Chairman, I don't see that this bill would have any effect on any growers of commodities, other than the ones affected here. There are now some 48 programs of this type and I believe 13 of them have import requirements associated with them. But they are independent. I think each commodity stands on its own.

Senator COCHRAN. Would this have any adverse impact on grape growers in any other region of the United States?

Mr. **Brader**. I can't see that it could.

Senator **Cochran**. It wouldn't have any effect on them, would it?

Mr. **Brader**. Not any direct effect, sir.

Senator **Cochran**. Sam, do you have any questions you would like to ask?

Senator **Hayakawa**. Yes, I do, Mr. Chairman.

Mr. Brader, could you give us a historical perspective on what the effect has been on foreign commodities which have been brought in under section 8e, what has been the price and volume effects, for example, on these 13 commodities that you mentioned?

Mr. **Brader**. Well, generally I think our experience would be that there has not been any lasting, certainly, impediment involved. I think for most of the commodities that now have import requirements affecting them, there has been either stability or an increase in imports.

Senator **Hayakawa**. As they come up to the standards we require, there is ultimately an increase then of the import of that particular commodity?

Mr. **Brader**. Well, I am not sure in all cases.

Senator **Hayakawa**. In many cases?

Mr. **Brader**. In many cases there has been an increase after these standards have been imposed, yes.

Senator **Hayakawa**. And there could very well be an increase in the grapes, as well?

Mr. **Brader**. That would be possible, yes.

Senator **Hayakawa**. I am interested in the idea that if you start the season by eating imported unripe grapes that are visually indistinguishable from ripe ones, you may be turned off on grapes very early and not eat them for the rest of the year. That would hurt the market, wouldn't it, and, of course, small children especially are very much influenced by first impressions of food.

Mr. Chairman, I have a statement by Congressman Jerry Lewis on S. 505 and a parallel piece of legislation in the House, H.R. 1852 and I would ask your consent that this statement be included in the record.

Senator **Cochran**. We have a copy of a statement that he submitted to the committee and without objection it will be included in the record. It is in support of the legislation, asking that action be taken before the end of the year.[1]

Also, Senator Zorinsky, who is a member of the Senate Agriculture Committee, has indicated his support for the legislation. He is not here at this moment, but he asked that his support be included as a part of the record, which it will be.

Senator **Hayakawa**. Do you have any information from the Canadian experience? They apparently have an inspection system where they insist upon a quality standard which would be almost identical with what we would require under this legislation.

Mr. **Brader**. We are aware of that fact, that Canada requires grapes to meet the U.S. No. 1 standard prior to importation into their country. I am not sure how to convey what that experience is, because we don't have data on that.

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[1] See p. 36 for the prepared statement of Representative Lewis.

Senator Hayakawa. Canada does import a significant amount of grapes.

Mr. Brader. I believe they do; yes, sir.

Senator Cochran. I wonder if the Agricultural Service or your office has had an opportunity to discuss this problem with Mexican authorities. Have there been any negotiations or discussions with the Government on this problem.

Mr. Sindelar. With respect to their particular bill?

Senator Cochran. Yes, or the general arrangement that we have with them?

Mr. Sindelar. I am not aware of any. There probably have been some informal discussions, probably in Mexico City with our Embassy, and perhaps here in Washington, but very informal.

Senator Cochran. Has the Department developed an official position on the bill? Do you support or oppose the bill and, if so, why?

Mr. Sindelar. The administration has no position at the present time.

Senator Cochran. Why not?

Mr. Sindelar. That is a difficult question to answer, sir.

Senator Cochran. Well, you want to try?

Mr. Sindelar. Well, I think probably you might say they relate to some differences of opinion.

Senator Cochran. Within the Department or within the administration?

Mr. Sindelar. I am not sure how far it goes.

Senator Cochran. What are the differences? What are the arguments that are going on, one side and the other?

Mr. Sindelar. Well, that, too, is a very difficult question to answer. I am not sure I am fully aware of all of the differences. I think within the Department—well, I just hesitate to answer that.

Senator Hayakawa. Would we have any representatives here, Mr. Chairman, from Mexico, representatives of the Mexican growers that could present their point of view?

Senator Cochran. We will hear from them later on. I just thought it would be helpful to the committee if there are arguments that can be made against the legislation so we could at least be aware of them. If the Department is aware of any reason why the committee ought to be cautious about recommending approval of the legislation, I would certainly like to be privy to that knowledge.

Who in the Department would be able to give the subcommittee the benefit of the differences of opinion? If you can't do it, who could? We will give them a call and get them up here.

Mr. Brader. The administration has not reached a policy position. We are here, sir, only as instructed to be here as technical witnesses, and so forth.

Senator Cochran. Right. I understand that. So you don't know, of your own knowledge, of any reason why the legislation shouldn't be recommended for passage? Or, if you could, could you tell us what information you have that we ought to be aware of?

Mr. Brader. I think we are just not able to speak to that, sir.

Mr. Sindelar. I think that without or with an "8e" provision, the reputation of any foreign country in a given market is, in a sense, representative of its reputation for individual shipments.

Our experience in export is that we look with pride on showing our very best in the foreign market. I think every foreign country would—in my personal opinion—want to do much the same.

The long-term reputation of a foreign country depends upon the quality of its produce. Each shipper—of course there are exceptions—takes pride in his label and does everything possible to protect that label. There are some very good shippers out of Mexico, no question about that, not only in grapes but other commodities as well.

Senator COCHRAN. On the technical side of things, how is the marketing order administered so as not to be construed as a nontariff barrier?

Mr. BRADER. The quality requirements that are imposed on the imported commodity are identical in terms of grade, size, quality, and maturity, as those imposed on the domestic commodity. So in that regard the import commodity is not required to meet anything different than the commodity on the domestic market.

Senator COCHRAN. Is this the same way that other marketing orders that affect other commodities are administered and structured?

Mr. BRADER. Yes, sir; exactly.

Senator COCHRAN. We don't impose any special requirement on filberts, olives, or tomatoes for foreign producers, other than we impose on our own growers; is that correct?

Mr. BRADER. The legislation is very specific in that regard, Mr. Chairman.

Senator COCHRAN. So this bill and this marketing order that it calls for would be different in no respect from existing marketing orders that affect other commodities?

Mr. BRADER. That is correct.

Senator COCHRAN. We are not singling out any one commodity for special treatment then, if this legislation is enacted; is that right?

Mr. BRADER. That is right. That would add, I believe, to the 17 commodities for which import regulations now are authorized under this act.

Senator HAYAKAWA. That seems fair enough, then, that the standards we demand of imported produce are identical that we require of ours, of our own growers.

Senator COCHRAN. We appreciate your being here and thank you for the contribution you have made to the hearing.

We will now have the second panel come forward and discuss their views of the bill. Tom DiMare, Mrs. Keene Larson, and Richard Peters, who are representing the Desert Grape Growers Association, Coachella Valley, Calif.

We welcome you to the subcommittee. We appreciate your being here. We have a copy of your statement with tables and addenda attached to it that we appreciate having very much. We will make it a part of the record and encourage you to make any summary statement or highlight the written statement for us.

Mr. Peters, you may proceed.

STATEMENT OF RICHARD PETERS, DESERT GRAPE GROWERS LEAGUE, COACHELLA VALLEY, CALIF.

Mr. PETERS. Mr. Chairman, my name is Richard Peters. I am a grower of desert table grapes in California's Coachella Valley.

I am joined by two fellow growers from the Coachella Valley, Mrs. Keene Larson and Mr. Thomas DiMare.

I am pleased to appear before your committee today on behalf of the Desert Grape Growers League of California to present testimony in support of S. 505, a bill to require imported table grapes to meet the same quality standards as domestic grapes.

Mr. Chairman, we have submitted a written statement to the committee, and I respectfully request that it be included in the record.[1]

Senator COCHRAN. We just did that.

Mr. PETERS. I would like to briefly outline our statement.

Under present law, California table grapes grown east and south of San Gorgonia Pass, the principal growing area of which is the Coachella Valley, must conform to the quality standards of a Federal marketing order.

These standards are designed to insure the availability of high quality produce at reasonable prices. As such, they provide important benefits to both consumers and producers.

These quality standards currently do not apply to imported grapes. As a result, the quality of foreign grapes can be variable. In our experience, this variability in quality, particularly during the early domestic season, can significantly affect subsequent consumer demand for table grapes.

Potentially, this could seriously undermine many of the important consumer and market benefits of the existing Federal marketing order.

Mr. Chairman, the legislation before you today, S. 505, would remedy this situation by requiring imported grapes which compete directly with Coachella Valley grapes to meet the same quality standards established under the Federal marketing order.

We think this is fair. It will not impose unreasonable burdens on foreign producers. Moreover, the principal beneficiary will be the American consumers of table grapes.

I would like to highlight several specific aspects of the legislation which I believe provide an overwhelming basis for enactment of S. 505.

Unlike many other fresh fruits, table grapes do not continue to mature once cut from the vine. Although grapes which have been picked too early may differ only slightly in outward appearance from fully mature grapes, they have a lower sugar content and therefore a relatively sour taste—one that bites.

Because the average consumer may have difficulty in judging the maturity of table grapes on the supermarket shelf, if she is stuck with a sour bunch, then she is likely to stop buying table grapes altogether—not just a particular seller and brand.

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[1] See p. 37 for the prepared statement of Mr. Peters.

In our experience, consumer acceptance of early season grapes from the Coachella Valley and Mexico plays an important role in setting the tone for the remainder of the grape marketing season.

Enactment of S. 505 would extend Federal marketing order requirements for minimum maturity to imported table grapes, thus preventing foreign producers from unfairly "jumping" the U.S. market with immature grapes to obtain windfall prices during the critical first weeks of the domestic table grape season when prices are at their peak.

Let me emphasize that it would impose no quotas or other volume restrictions. Neither would it set any new precedents. The same provision or law which would apply to imported table grapes under S. 505 already applies to imports of some 13 other fresh fruits and vegetables.

Interestingly, many imported table grapes from Mexico are already inspected by USDA. USDA statistics derived from voluntary inspections and grading of Mexican table grapes show that in 1980 some 83 percent of all shipments were able to meet applicable minimum U.S. quality standards.

Over the long run, the similarity of the varieties of grapes grown both in the Coachella Valley and in Mexico, as well as continued improvements in Mexican growing and marketing practices, suggest that a consistently high percentage of Mexican grapes are able to meet applicable U.S. standards. Only inferior quality grapes would be excluded.

Mr. Chairman, I understand that various concerns have been expressed relating to the potential detrimental effects of open air border inspections on the transportability of table grapes.

Inspections of imported table grapes under the current voluntary program are performed in refrigerated warehouses operated by the shippers themselves.

This arrangement, which differs from inspection procedures applied to other fresh fruits and vegetables, was agreed to by USDA and the shippers for the purpose of avoiding possible spoilage resulting from open air inspection of chilled grapes.

To our knowledge there have been no significant complaints with the current inspection procedures by either the shippers or the Department. Continuation of these arrangements with respect to mandatory inspections would minimize any burdens on importers.

I understand that concerns have also been expressed that enactment of S. 505 would allow the Federal marketing order quality standards to be manipulated in the future in a manner which would unfairly burden imported table grapes.

These concerns are equally unfounded for several reasons.

Mexican and United States table grapes are virtually identical, and it would be extremely difficult to set standards aimed specifically at excluding imports. Under the terms of section 8e all quality standards which would be applicable to imported grapes would be equally applicable to domestic grapes.

Moreover, the Secretary of Agriculture is vested with the authority to set quality standards and, under section 8e, the Secretary is specifically directed to avoid impracticable restrictions on imported commodities.

In summary, S. 505 would close a technical loophole in current Federal law which permits imported grapes to escape compliance with minimum quality standards which are applicable to domestic grapes.

It would restore basic fairness in the treatment of foreign and domestic produce.

It would impose no restrictions on imported grapes so long as they are able to meet minimum quality standards. By requiring imported grapes to meet the same maturity standards as domestic grapes, enactment of S. 505 would assure that U.S. consumers receive consistent quality produce without imposing unreasonable economic burdens on foreign producers.

Ultimately, it would protect the interests of both domestic and foreign producers by assuring a stable market for their products.

S. 505 has broad support among United States table grape producers and marketers and is strongly supported by a number of major national and regional food industry groups including the United Fresh Fruit and Vegetable Association, the California Grape and Tree Fruit League and the California Table Grape Commission.

Mr. Chairman, I appreciate the opportunity to present testimony to this distinguished committee in support of S. 505.

On behalf of the growers and handlers of table grapes in the Coachella Valley, I hope that you will recognize our position and move toward early enactment of the bill.

I would be pleased to answer any questions which you may have.

Senator COCHRAN. Thank you very much, Mr. Peters. We appreciate your oral testimony and your statement which you have submitted to the committee.

Mrs. Larson, do you have any comments or observations you would like to make? Please feel free to proceed.

Mrs. LARSON. I bought my lunch along here.

Senator COCHRAN. There is enough here for all of us.

STATEMENT OF KEENE LARSON, DESERT GRAPE GROWERS LEAGUE

Mrs. LARSON. Only half of these are ripe.

Grapes basically show up in the market in two kinds of ways. One is they are put into bags like this, impossible to tell which is ripe and which is not ripe, and yet one of these bunches is very much nonripe.

In this whole bill we are really talking about substandards—we are talking about sour grapes. As a consumer you have no way of finding out which was which until you got it home.

The other way of selling grapes is just in bulk and I would guess as a consumer you would have a hard time telling which is ripe and which is not ripe. As a grower I can tell you right off. As a picker I could tell you too, but there is considerable difference in the taste.

I read the statement by the Mexican growers which the chairman received and it took me back to 1965 in the Coachella Valley.

What they are saying there is basically the same thing that our own growers said, and they were brought kicking and screaming into the market order—at least a lot of them were—because of the same fears that they have of this bill, that it would be difficult to meet the requirements and so on.

I would say to the Mexican growers, hey, try it, you will like it. It is a better deal for everyone.

Senator Hayakawa and I may be the only ones in this room that are old enough to remember what "Made in Japan" before World War II meant. It was synonymous to junk. Now "Made in Japan" is synonymous to quality.

What we are trying to do is get the early grape deal to be synonymous with quality, I think that in your material you have, in section 4 there is a chart that tells you why somebody would want to not put forth a quality product and that is that in a period of about 2 weeks the price drops, and this year it was $11 a box.

Now these grapes are sitting on the same vine at the same time. When I come along to pick them, it is going to take some restraint on my part to leave this bunch on there for 3 or 4 more days, and that is all we are talking about.

It is not going to not make it. It will make it. It takes a little self-discipline on my part to leave it there and come back and pick it the next time around. So I guess what I am saying is that in 2 weeks you have a drop in price of that amount.

The pressure is tremendous—the greed in my heart says no, I will pick it and I will let him ship it ripe and I will slip it through because this year I have so such money at 20 percent interest, but, no, I have to do it and this year I will not do that. That is how the growers really feel about it. That is the way the growers are in the Mexican area.

We are not talking about Mexico versus Coachella Valley, but we are talking about the early grape markets. There was a time when early grapes were synonymous with sour grapes and we worked very hard to make early grapes synonymous with quality, and I think the Mexicans will eventually find they will become like "Made in Japan" today, a quality thing, if we all live by a standard that is really quite minimum.

If you would like to taste these grapes that look so beautiful—what I am saying is would it drive the price up—no. When the supermarket gets a box that has both of these in it, what happens?—the consumer is no dummy—she comes by and nibbles a few and buys this and she leaves this and it plugs up the supply and they will keep putting more boxes and the housewife comes by and tests some and she leaves them and it plugs up the market again.

Our market in Coachella Valley, when this type of grape is on it, is about a 3-minute market. The price goes to smithereens and then it always comes back up again when you get rid of this kind of grape, so I would just say, again, that if anything, it will mean the supermarkets don't have to mark them up as high because they won't take such a tremendous loss on what they call waste on sale of fruit.

It is beautiful fruit, 3 or 4 days more it would be an acceptable product.

Senator **Cochran**. Thank you very much, Mrs. Larson.

Mr. DiMare, any comments?

STATEMENT OF THOMAS DiMARE, WESTERN GROWERS ASSOCIATION AND THE CALIFORNIA GRAPE AND TREE FRUIT LEAGUE

Mr. DiMare. Senator, I would like to thank you for inviting us. My name is Thomas DiMare. I am a grape grower in Coachella Valley.

In addition to appearing before you as a representative of the Desert Grape Growers League of California, I am appearing as a representative of the Western Growers Association and the California Grape and Tree Fruit League.

Mr. Tom Hale, president of the California Grape & Tree Fruit League was unable to appear this morning. I, as a member of the board of the Grape & Tree Fruit League would respectfully request Mr. Hale's statement be included in the record.

Senator Cochran. It shall. Thank you very much for providing that.[1]

Mr. DiMare. Similarly, Mr. Jaspar Hempel, vice president of Western Growers Association, was unable to appear. In his behalf, as a member of the board, I would like to submit a letter to the committee and ask it be included in the record as well.[2]

Senator Cochran. It will be made a part of the record.

Mr. DiMare. Thank you.

The Grape and Tree Fruit League represents table grape growers of both California and Arizona where 99 percent of the domestic table grapes are grown. The Western Growers Association have 2,000 members in California and Arizona and accounts for 50 percent of the fresh fruits and vegetables produced in the United States. Both the Grape and Tree Fruit League and the Western Growers Association unanimously endorse Senate bill S. 505 and both organizations urge the committee to favorably report this legislation.

Mr. Chairman, rather than read the balance of my statement I would like to submit the statement for the record and then just work from some notes I have made.[3]

Senator Cochran. It will be included in full in the record.

Mr. DiMare. Thank you.

I think in talking about the grape issue, we have to get down to the essence of the situation. We in Coachella Valley are selling a high value early season product. As a result the product has to have high quality sugar in order to be acceptable by the consumer.

Based upon my experience, if we start with poor quality, movement is slow and everyone suffers. The consumer suffers because they are disappointed and do not purchase it.

The first purchase is the most important purchase and on the basis of that purchase the consumer decides whether to buy again or not. Therefore, the sugar content becomes very important.

In consumer goods, other than fresh product, people have a means of evaluating products. They have a brand they recognize, they have a brand which has a constancy of value and quality.

Therefore, in lieu of branding the merchandise in the industry, we have found the quality standard through marketing orders is an effective way of assuring the consumer she shall receive a reasonably good product most of the time.

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[1] See p. 51 for the prepared statement of Mr. Hale.

[2] See p. 50 for the letter of Mr. Hempel.

[3] See p. 52 for the prepared statement of Mr. DiMare.

A brief history about the Coachella Valley. Mrs. Larson alluded to it, and I think it is worth reiterating.

In 1963 there were almost 13,000 acres of grapes in Coachella Valley. By 1966, when the marketing order was put into effect, the acreage dropped to 7,500 acres. The reason for this drop was that the temptation was too great for most growers and the products they delivered to the market at a high price without marketing order control was not acceptable to the consumer, and after her first purchase she bought no more grapes.

The net result was loss of the farms, reduced acreage, hardship for the growers and people who depended on the industry for their livelihood.

Since the institution of the marketing order in May 1966, acreage rose from 7,600 acres to over 13,000 acres and shipments have gone from less than 2 million boxes to this season of over 5 million boxes. This is in spite of inflation, and the retail price increased tremendously.

I think this is proof positive a program of this type is beneficial not only to the producers, and the people who depend on it for their livelihood, but also to consumers. They have voted with their purchasing dollars to buy more grapes at a higher price because the quality is there on a relatively consistent basis.

Senator HAYAKAWA. Would you give the figures again, please?

Mr. DIMARE. In 1963 there were 12,900 acres and less than 2.5 million boxes of grapes shipped. In 1966, the acreage was reduced to 7,600 acres. I don't have the shipment figures for that year but 1982——

Senator HAYAKAWA. 1966 is the year the marketing order was put in.

Mr. DIMARE. In 1982, there are approximately 13,000 acres of table grapes, and we will ship over 5 million boxes.

Senator HAYAKAWA. Thank you very much. They are a very interesting set of figures.

Mr. DIMARE. There is some suggestion that supply would be limited by this marketing order. I submit to you that the facts I just gave you contradicts that statement, and these are facts that are verifiable through a study of USDA reports.

In fact, the statistics indicate that the tonnage has increased by 87 percent since the marketing orders went into effect.

It has been suggested that this marketing order and other marketing orders may act as protectionistic or be discriminatory in an unfair manner. I disagree.

If we had a desire to see Mexico go out of business, then we would not be here today, but rather we would allow them to continue their way and put themselves out of business, as we almost did to ourselves in the early sixties. In fact, it is our desire to cooperate with Mexican growers.

We have met with the Mexican growers over the last 45 days three times to discuss this program. They have some concerns. This marketing order could be used to close the doors to Mexican grapes. We have assured them that is not our intent. We have offered technical assistance to them in the form of personnel that we would send down to Mexico to aid them in improving their product, if that was necessary.

We have agreed in the event they continue to have concerns about this, we would implement, on their behalf, a 5-year moratorium, if possible, through the USDA, on changing the standards. Specifically, if we in Coachella Valley decide to change the standards after the marketing order goes into effect, let's say next year, we agree the standards would not apply to Mexico for 5 years.

If after the 5-year period lapsed, we decide in Coachella Valley to change our standards, the effect in Mexico would not occur until the following year. This way we could not deliberately affect their production.

If they, for example, had a problem somewhat different than ours and we could use the marketing order as a means of discrimination, this would prevent us from doing that.

I think this shows our desire as a group to work in conjunction with them, and not to hurt them. It is in our common interest to work together to produce that desired quality, and our balance sheets indicate that quality works.

Basically, the Coachella Valley growers and Mexican growers should work together to achieve better quality. We are not trying to prevent them from getting into our markets. The net result of the efforts of our marketing order, as I stated, has been more acreage, more demand, better prices, and, most important, more jobs because more acreage has been planted.

The volume that has to be harvested and processed has created three times the jobs that existed in the Coachella Valley in the 1960's. The same benefit would accrue in Mexico and Mexico has some severe unemployment problems. By working in conjunction with us, we could even aid them in achieving a higher level of income, and thus return more money to their farm and their communities.

Based on our experience, this is precisely what has happened in Coachella Valley.

Finally, in terms of quality and standards—for example, a company which exports cars to the United States must meet our emission standards and the fact is that the Japanese have beat us at it also—all we are asking for is that grapes that come in at the same time of the year comply with the same standards so the consumer will continue to benefit and not be confused by sweet versus sour grapes.

With that I would like to thank you for giving me the opportunity to speak. I would be glad to answer any questions.

Senator Cochran. All of you have given very compelling testimony and strong evidence of the reasons why such legislation should be approved. I wonder if a net effect though, as a result of the passage of this legislation, would be a reduction of imports from Mexico. Is that inevitable or not?

Mrs. Larson. I think it is just the opposite, and I really have to speak strongly to that. The only difference is time on the vine. This bunch would be super in 3 or 4 days more. In fact, when you create a lively market, the produce hits the store and goes out immediately. That is where you make money, and I think it would hold the price. Rather than the tremendous drop they experience, I think you will find what happens in San Joaquin is that today's price is the same as tomorrow's price and the same as the next day's price because you are not flooding the market with junk. Quality pays.

I see this as a consumer's bill. We are giving the consumer quality and we are cutting off the person who makes a fast buck today but ruins the market for tomorrow and next year and gives us all a bad reputation. It will not cut down their production or their ability to get in, but it will just up their reputation, and just as we had to do it for our own people and make our own people have the self-discipline, and we could not do it without self-discipline, but we had to have the marketing order. The marketing order enforces self-discipline.

Senator COCHRAN. What about growers from other parts of the United States? Would it have any adverse impact on grape growers in any other area of the United States?

Mrs. LARSON. Arizona really does not compete with us. They come in enough afterward that the trend is already set and, in fact, you see Arizona having less and less of the market and Mexico and California having more and more of the market.

Would you not agree with that?

Mr. PETERS. That is right.

Senator COCHRAN. Are most of the grapes grown in other parts of the country used for wine instead of for table grape consumption?

Mr. DIMARE. If I could answer that.

California growers grow 97 percent of the table grapes grown in the United States and Arizona has 1 or 2 percent. So it would have no impact on any other State except California, to the best of my knowledge.

Senator COCHRAN. What about the question I asked the administration witnesses about possible violations of our trade agreements or trade policies?

Do you have any information about whether it would be violative of any of our agreements?

Mr. DIMARE. If you are asking about grapes, I will answer the question. If you are asking about trade, that is something I am not conversant with.

I would like to go back for a moment to this issue of reducing volume.

Our experience, or my experience personally, has been on the years when Mother Nature has given us uniformly good sugar, we have better movement and higher production of grapes. For example, this year is a good indicator of what can happen when everything is done correctly and everything works well.

This past Monday we had the highest volume shipments, I believe, in the history of the Coachella Valley grape deal and the market went up a dollar.

The reason that I believe that has happened is because this year we have particularly good quality, and I think that is true not only of California but Mexico, as well. We have good sized grapes and grapes that have good sugar ratio. The net result is despite a reasonably high retail, the consumer bought them the first time and came back and bought them again and the demand is exceeding supply despite the fact we have had the highest shipments of any one given year.

For example, if we had a situation where there was a lesser portion of sugar, we would have been in greater difficulty.

So I am firmly convinced this is an improvement for the grape growers as opposed to a hindrance.

Incidentally, with that, in 1980, when the grapes came across from Mexico for the total season, only about 17 percent were failed due to lack of sugar, although in the first 6 weeks of that season the grapes that crossed from Mexico. Sixty percent failed, which is indicative the Mexicans act exactly as we act. But overall, I do not believe it would affect them in a negative way, but it would be of benefit.

Senator HAYAKAWA. Excuse me, I am sorry, I have to leave.

Senator COCHRAN. Thank you very much, Senator Hayakawa. I will see that these questions are raised.

Mr. Peters.

Mr. PETERS. I think the crux of the whole matter is back to the supply and demand. The only way you can create supply and demand is to create a good product. The demand is there.

I don't think there is any problem with what we will see if Mexico created the product. If they do it, and everybody is on an equal basis, I think our demand would be greater and we would be shipping more from Mexico, because the people are out there to eat it, and they want a quality product.

Mr. DIMARE. I think there is a great deal of misunderstanding in the trade in the United States about what the purpose of this program is. The purpose is to upgrade our standards so that we have better movement and better sales and better return and far more jobs. That has been proven on the record since 1966, and the essence of the issue, and a lot of the other factors, is confusing the purpose here.

This is a good program for everybody and the facts bear that out.

Senator COCHRAN. Thank you very much.

I don't have any other questions and I do want to express my appreciation for your being here and helping us understand the issue in greater detail. Thank you for coming.

Mrs. LARSON. Let me explain what this is. It is a little instrument we use out on the field and if you squeeze grape juice in there and look in, it will give you a reading of the sugar content of the grape, so it is possible for the person in the field to test these in the bunch. You don't pick the bunch first but test one grape before picking any of them.

Senator COCHRAN. Thank you very much.

Our next panel includes Albert Farnsworth, representing the Association of Table Grape Growers of Sonora, Mexico, accompanied by Clifford Stromberg, legal counsel, and Dennis Icardi, assistant to the president, Blue Anchor, Inc., of Sacramento, Calif.

We want to welcome you to the committee. Come around and be seated.

We have a copy of your statement in behalf of the Association of Table Grape Growers of Sonora, Mexico. We will make it a part of the record, in full, and ask you to summarize from the statement or give us the benefit of any highlights in your oral testimony.[1]

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[1] See p. 54 for the prepared statement of Mr. Farnsworth.

Mr. Farnsworth, you may proceed.

STATEMENT OF ALBERT "M" FARNSWORTH, ASSOCIATION OF TABLE GRAPE GROWERS OF SONORA, MEXICO, ACCOMPANIED BY CLIFFORD D. STROMBERG, LEGAL COUNSEL

Mr. FARNSWORTH. Mr. Chairman, we, the Grape Growers of Mexico, believe that this bill really is both unnecessary and unfair.

It is unnecessary because, as was shown by the preceding testimony of the Coachella growers, the Mexican grape is a high quality grape.

I have been shipping grapes from Mexico for 20 years to the supermarket chains in the United States. It speaks for itself that each year they continue to buy our product.

If the Mexican growers had been shipping green or sour grapes, the chains would no longer buy from us. They would certainly be well aware—if the Mexican grapes were sour or bad grapes and people wouldn't buy them, while when California grapes showed up, people would buy them. This has not occurred.

On the contrary, the consumer has purchased the Mexican grapes and the California grapes equally and at the same price.

I have spent a lot of time over the last 25 years in fields in both Mexico and California, and I have seen no difference in the quality of grapes.

So the legislation really is unnecessary on that basis.

It is also unfair in that we are talking a lot about inspections, and there is where I think 95 percent of the problem lies.

The inspection in California occurs 2 to 4 hours after the fruit is crated and when it is in a very fresh, stable condition. Therefore, they have the opportunity of repacking, which consists of going in and maybe out of a lot of 1,500 to 2,000 boxes, elimating maybe 15 or 20 boxes.

Only then do they go in and precool the grapes, and precooling is done in refrigerated rooms, which cost a considerable amount of money, to assure the quality of the grapes and that they arrive in the market in good condition. Then, from the precool rooms the California growers can ship the grapes to market.

However, the Mexican growers operate with the problem of picking the grapes, then crating them, precooling them, then shipping them to the border and then finding out if we have to repack or recondition the grapes for a very small quantity of bunches. To do that, we run the risk of precooling costs, repacking costs, and freight costs to the border. Then, we either have to have the grapes preinspected on the Mexican side where we have no cool room facilities and the grapes would then be subjected to the heat and humidity which will cause them to deteriorate, or we can pay the costs and have them cross the border and inspected at the border, but, then, we are experiencing a 50-percent increase in costs on top of all of the other costs, for a very small amount of grapes that might have some defects.

Also, at that point we do not and could not have a repacking crew. It would be prohibitive to hold that many people to repack that few grapes, so the financial burden upon the growers would be exceptionally high. It would substantially deter shipping grapes to the United States.

It would definitely lower the volume of grapes shipped because there would be not many growers who could afford to take the gamble of sending grapes that far with the possibility that even a few imperfect bunches would cause the shipment to fail. There are very few grapes in the loads that would not pass the inspection. Thus, the legislation is unfair in the respect that it imposes inspection rules that are not equal.

Senator COCHRAN. Let me ask you this: If you knew that the inspection was going to take place and you knew what the standards were, could you, by more careful selection of grapes to pick, avoid the risk of incurring that loss?

Mr. FARNSWORTH. I was with the growers in Coachella a couple days ago. If Mr. Peters and I could pick every one of those grapes and pack every one of them, perhaps, but we all are depending upon thousands of workers and it is very difficult to assure that there are no imperfect bunches.

We have very strict standards in Mexico and we have the very same goal that the Coachella growers do, that we put out a very good quality package and the net result is that we make a profit over a period of many years.

The Coachella growers have the same difficulties we do.

In one area, we are able to control things a little bit better than they. In some fields that we ship from they strip the field and we are able to kind of control the quality in some areas but that is not always true.

The quality control we have set is every bit as strict as the Coachella people do and I daresay that we have less of a repacking problem. But we still would have the repack problem at the border, and we would still have to pay the costs at the border.

The Coachella people, if they cannot pass the inspection ultimately, then they can send their fruit to processing plants without any additional cost. We can't do so. The additional cost to us of sending whole shipments back would literally break the grower. And the amount of fruit that is in question is minimal as far as Mexican grown grapes are concerned.

In fact, for 20 years, the supermarkets, the distributors, the consumers, everyone has continued to buy Mexican grapes in quanity and has not rejected them because of the quality or ratio of sugar to acid.

The other reason why the legislation would be unwise is, and I would like to read this portion: We should bear in mind that Mexico is the United States' third largest trading partner, after Canada and Japan. Trade between the United States and Mexico exceeded $31 billion last year. Even more importantly, the United States had a trade surplus with Mexico of more than $4 billion last year. Protectionist measures which inhibit Mexican exports will only reduce Mexico's ability to purchase goods from the United States.

Among the most important categories of Mexican purchases from the United States last year were wheat, soybeans, corn, cattle hides, airplanes, televisions, electronic equipment, and agricultural machinery.

Without adequate foreign exchange earnings from exports, Mexico might well be forced to curtail its purchases of these goods imported from the United States.

Discriminatory nontariff barriers which harm the Mexican grape industry will directly injure the U.S. economy in other ways as well.

Mexican grape growers now purchase a substantial amount of their supplies from the United States—including crates, fertilizers, chemicals, and machinery.

In fact, when one calculates the value of these U.S. exports to Mexico, and the U.S. distribution expenses and profits on Mexican grapes, the result is that of every dollar the American consumer spends on Mexican table grapes, about 80 cents remains in the United States.

Harm to the Mexican grape industry would also cause thousands of families in northern Mexico to lose their livelihood, only adding to the problems of immigration to U.S. border States.

When the U.S. Government is seeking to limit immigration, to improve economic relations with Mexico, and to garner Mexico's support on several hemispheric political issues, it is self-defeating for the United States to take discriminatory action against a sector of the Mexican economy which is functioning fairly and competitively.

The use of nontariff barriers to agricultural trade is also contrary to the very principles which the U.S. champions in the world today, because those principles are in its long term economic interests.

We do not urge the United States to set trade policy on the basis of altruism: on the contrary, it should act from enlightened self-interest. But the stark fact is that the United States is the world's largest exporter of agricultural goods.

In 1981, the United States exported more than $43 billion in agricultural commodities abroad, and its trade surplus in agricultural goods was more than $26 billion.

One of the countries with which the United States enjoyed an agricultural trade surplus was Mexico.

It is contrary to U.S. interests to discriminate against other nations in a small crop such as grapes, and thereby endanger the principles of free international trade on which the United States' vast trade in agricultural commodities rests.

The proposed legislation may well help some California growers, while hurting U.S. farmers who now export other crops to Mexico, U.S. manufacturers of goods exported to Mexico, and the U.S. consumer.

Those are the three reasons Mr. Chairman, that we feel it is unnecessary, unfair, and unwise to pass this legislation.

There is the unfairness of the inspection, 20 to 24 hours after picking, where Coachella is 2 to 4 hours after; recooling as opposed to precooling; and the enormous financial burden on the Mexican growers.

The legislation would also limit the amount of fruit coming into the States, which has a tendency to raise the prices to consumers. It would not give a better quality grape to the consumer because we give them that already. Third, the legislation would jeopardize trade relations between Mexico and the United States.

Thank you.

Senator **COCHRAN**. Mr. Icardi, you may proceed with any comments or statement that you have.

STATEMENT OF DENNIS W. ICARDI, ASSISTANT TO THE PRESIDENT, BLUE ANCHOR, INC.

Mr. **ICARDI**. Mr. Chairman and members of the subcommitee, my name is Dennis N. Icardi and I am assistant to the president of Blue Anchor, Inc., Sacramento, Calif.

Blue Anchor was organized in 1901 as the California Fruit Exchange and is a grower-owned marketing cooperative, representing approximately 1,000 growers of deciduous tree fruit, table grapes and exotic fruits. The majority of our grower-members are located throughout the central valley of California; however, we also represent and serve growers in Arizona, Hawaii, Mexico, and Chile.

Since its inception, Blue Anchor has been in the forefront of industry efforts to improve the quality of fresh produce offered to consumers.

At its first meeting in Sacramento on January 15, 1901, the grower-chairman of the organization declared:

> The problems facing the fruit grower are two: (1) How to lay upon the consumers' table fruit perfect in quality at a price which will afford a reasonable profit to the grower and to those necessary to the conduct of the industry; and (2) how to develop markets for our fruit throughout the world.

These two problems remain with us today and are problems that Blue Anchor continues to consider of the highest priority.

The legislation under consideration today, S. 505, would add the words "table grapes" to section 608e of the Agricultural Adjustment Act of 1933. Of and by itself, this addition would seem only appropriate.

However, as most things so simple, there are serious and dangerous ramifications to this so-called minor addition.

First, we feel the proposal is a blatant attempt to prevent the importation of Mexican grapes into the United States at a time when these grapes can be competitive with grapes grown in Coachella, Calif. This area historically has commanded the highest prices for table grapes in the industry.

In other words, this legislation is clearly anticompetitive in the face of free trade and establishes a nontariff trade barrier at a time when efforts should be more appropriately directed toward the opening of markets on a reciprocal basis.

Specifically, the problem is not whether inferior quality grapes should be imported into the United States but, rather, how that quality is to be determined.

We are convinced that Mexican grapes can and do meet quality grape standards and we believe the statistics indicate they do. It is a matter of measuring that quality that creates a trade barrier. For example, Coachella Valley grapes are inspected at shipping point by USDA inspectors in the Coachella Valley.

In the event a load of California grapes fails to meet the grade, they are allowed to be reconditioned and resubmitted for another inspection, until they pass the grade.

If this legislation were to become law, Mexican grapegrowers would not be given, for practical reasons, the same opportunity to meet the same quality standards.

Mexican grapes would be submitted for inspection at the border crossing, which, in most cases is 150 miles from the grower's original shipping point.

If the load fails to meet the grade at the border, the grower has no recourse for reconditioning or resubmitting the load for reinspection simply because facilities do not exist to do so.

The result being that Mexican grapes would be limited to a make it or break it inspection at the border, which would effectively prevent otherwise like quality Mexican grapes from entering the United States and being offered for sale to the Nation's consumers.

Table grapes at this time of year are already high priced at the retail level due to the limited quantities available.

Blue Anchor is now, and always has been, supportive of measures to insure high quality products for the American consumer. We are firm believers in the fundamental axiom that quality sells itself.

We also believe in the forces of supply and demand, and in allowing the market to determine its own level. In the fresh fruit business, this is the natural order of things.

It is a sensitive and fragile marketplace and any attempt to interfere with the market tends to disrupt it, which ultimately leads to greater problems, more costs, wide price fluctuations, more interference, more disruption.

It is doubtful that this legislation would improve the market's competitive forces or improve quality at reasonable price levels.

To the contrary, it is our judgment that this proposed regulatory legislation, as simple as it may sound, would freeze out competition from our Mexican neighbors and artifically create a unilateral trade barrier we believe cannot and should not be justified.

For these reasons, the board of directors of Blue Anchor, Inc., comprised of 20 independent growers of fresh fruit, 8 of whom grow table grapes, voted unanimously to oppose passage of S. 505 and its companion bill, H.R. 1852.

We respectfully request your serious consideration of our concerns, and urge that you cast your vote against S. 505.

Thank you very much.

Senator COCHRAN. Thank you very much.

Senator Hayakawa left me a couple of suggested questions that he was going to ask if he had been able to remain at the hearing, but because of another commitment in another committee, he has passed these questions on to me.

One struck me as interesting. It includes the observation that for 1980, USDA statistics derived from the voluntary inspection of Mexican table grapes at the border indicated that 83 percent of the table grapes inspected met USDA No. 1 standard, but these same statistics showed that for the first 6 weeks of the season, only 40 percent of the table grapes inspected met the standard.

In other words, while there was an overall failure rate during the year of only 17 percent during the first 6 weeks, there was a failure rate of 60 percent due to lack of maturity.

These statistics suggest that the Mexican growers are jumping the market.

What is your observation about the accuracy of that statement?

Mr. FARNSWORTH. Mr. Chairman, the USDA has two ways of testing grapes. One is by the sugar content and the other is by the sugar-acid ratio. We ask our pickers to take one or two grapes off every bunch and taste test them. In some cases because of the climatic condition or whatever happens in any one year, the sugar-acid ratio might be low and a grape that would not pass on a refractometer, would pass on a sugar to acid-ratio test. But at the border they do not have that test for us, so these grapes that failed to pass on the refractometer, we would submit, would have passed if it had been given the acid-ratio test because the taste is perfectly sweet.

A grape that is 15, 17, or 18 percent sugar on the refractometer test could taste exactly the same at 13 or 14 if the acid has dropped that year.

But we are only given the one test to pass, which is unfair because the California growers can choose one test or the other.

Senator COCHRAN. Why was the difference so great at the beginning of the season in 1980 as compared to the latter part of the season?

Mr. FARNSWORTH. Because as your harvest progresses, you can't get around the field fast enough to keep picking at the same level so your fruit continues to ripen more.

We don't go in and harvest all of the crop at the same time. Sometimes we make three and four and five passes over a field. This year, because of the cooler weather and the slower process of maturing, we made as many as eight passes over the field in order to pick the ripest grapes.

Senator COCHRAN. Doesn't that, in fact, support the argument made by the Coachella growers, that a delay in harvesting the grapes would result in a sweeter fruit being brought to market?

Mr. FARNSWORTH. Mr. Chairman, as your fruit sets—you will have anywhere from two to three or four different sets—the first set matures first, as the lady showed from California, and you have different sweetness in different sets. We go through and pick only by the taste test the mature bunches and not the immature.

Inadvertently you will get people that pick some not fully ripe grapes because they don't want to pick any more or taste any more.

Coachella Valley has exactly the same thing. It would be foolish on either of our parts to say some green grapes don't get into the market.

Senator COCHRAN. Has there been any growers in Mexico, any attempt on their behalf to develop any kind of voluntary guidelines or restraints such as would be implemented if you had a marketing order to assure that you didn't bring to the market grapes that weren't sweet?

Mr. FARNSWORTH. Mr. Chairman, I think the market speaks for itself in that regard. For example, we have experienced a recent price increase just this last week in terms of table grapes.

What we are saying essentially is that the signals given by the marketplace in terms of price are a direct incentive to the grower to improve quality and maintain a consistent quality, and that is definitely the way the Mexican grower has proceeded.

Early in the season, and this year is an example, there has been a lower price. The price increased $2 since last week. We are sold out right through Saturday for table grapes right now, this week.

We are saying that the demand and the price are very good, even with an increased volume. To speak to the point specifically, the quality of our grapes has to be maintained in order for there to be a long-term return to the grower, and that is the incentive to the growers to maintain that quality. If a grower is going to try to push the market by delivering early season fruit, he is going to suffer at the price level, so he will learn that lesson very quickly.

Senator COCHRAN. Has there been any discussion among the growers in Mexico of adopting any kind of voluntary agreement that could be enforced with inspections in Mexico at the field or at the shed that would help assure a sweeter grape coming to market?

Mr. FARNSWORTH. Mr. Chairman, we have discussed that and we have a program implemented.

I would like to clarify one statement and the reference referred to Mexico sending green grapes. We have not seen evidence of that. This seems to have been accepted here as a fact. We don't accept that at all.

The fact is that the markets and the distributors and the consumers have continued to buy our grapes over the 20-year period, which testifies to the fact that they are good quality grapes.

The only people saying that our grapes are not mature are the Coachella growers. We haven't seen a consumer group say so; we haven't seen distributors fail to buy; we haven't heard from Safeway or A. & P. or any of the large chains saying that your grapes are staying on the shelves while the California grapes move.

To the contrary, our grapes move every bit as fast as theirs and in most cases our trucks arrive at the border and we have to call the inspectors out even in the evening because the trucks from the markets are there to pick up the fruits immediately. They don't even leave them in the cold room very long.

Senator COCHRAN. In the case of finding grapes that are immature at inspection—in 1980 the statistics showed there was a failure rate of 60 percent due to lack of maturity in the early part of the season—what is done with those grapes?

Are you able to go on and send them to market despite the finding of lack of full maturity or what is done? Do you send them for processing for other uses or rehabilitation or whatever?

Mr. FARNSWORTH. No, we are not set up to do repacking. As we stated before, the amount of grapes that are not up to quality is very low, and we are not afforded the test for checking to see just what the sugar/acid ratio is, which the California growers are permitted to use. The grapes are sold to consumers. The simple fact is that we do not have complaints that we would have if ours had been sour grapes.

Arizona, Bakersfield, Fresno, all of the other grape areas do the very same thing. The only area that has the marketing order per se, as we are discussing here today, is Coachella Valley.

It has been indicated that California produces 97 percent of the table grapes, but Coachella Valley only produces 10 to 15 percent maximum of those table grapes, and none of the other regions have chosen to be under a marketing order and they are enjoying a good market, a good response and sales. They do not see a need for this kind of marketing order.

Senator COCHRAN. Would they be adversely affected——

Mr. PELTIER. Could I comment on behalf of Senator Hayakawa on that?

Our understanding is the grapes are voluntarily inspected and they do so largely because they want to get into the Canadian markets. Failing U.S. No. 1 they can still come into the United States, so that is what happens to that 60 percent that fail, they come into the United States today.

Mr. FARNSWORTH. I would take exception to that, to why the voluntary inspections are requested. For the grapes we ship from our field, we have almost all of them inspected, and thus they are checking how good a job we are doing as far as picking. It is not to circumvent that at all.

Senator COCHRAN. The argument is made that this would not have any adverse impact on growers in any other regions or any other parts of the country.

If this legislation is passed, would a new marketing order be in effect in regions of California other than Coachella Valley?

Mr. FARNSWORTH. No. It would not.

Senator COCHRAN. This would apply only to growers in Mexico?

Mr. FARNSWORTH. This applies strictly to Mexico.

Senator COCHRAN. And no other regions in California or growing regions in Arizona?

Mr. FARNSWORTH. Chile, Arizona, any other regions of California do grow large quantities of grapes. But this is strictly, as we view this, in a very candid manner, this is an attempt to protect Coachella Valley alone.

Senator COCHRAN. Not necessarily the United States but Coachella Valley.

Mr. FARNSWORTH. Yes. In all of the discussions we have heard today we have heard "California" grapes. In essence, these are not California grapes we are talking about, but just Coachella Valley grapes.

Senator COCHRAN. Senator Hayakawa left a couple of questions, as I indicated. He asked, "don't you feel it would be, in the long term, in the best interest of the grape growers of Mexico to subject their products to standardized rating procedures for maturity and quality and so forth?"

Mr. FARNSWORTH. We definitely feel that we must assure quality and we are doing that on our own right now.

Senator Cochran. What form is that taking? Is that the voluntary agreement that is being developed among the grape growers or is it a government-imposed inspection program?

Mr. **Farnsworth**. No, it is voluntary among the growers. We have inspectors go to the different fields and see what type of grapes are being processed.

Senator **Cochran**. Senator Hayakawa, also asked me to read this:

> As the author of this legislation I would like to assure you that it is in no way my intention to unfairly restrict the volume of grapes imported from Mexico. In fact, I trust by meeting the quality standards your product will improve its standing in the marketplace.
>
> I truly believe that Mexican grape producer will benefit from being included in such an 8e. However, I am very disturbed by the claims that the bill will limit the supply of grapes and raise prices without enhancing quality.
>
> You also infer that the legislation would cause thousands of families in northern Mexico to lose their livelihood.
>
> Aren't you really just talking about delaying your harvest for a few days until the grapes are mature and the sugar level is up? How could a few days delay cause the catastrophy you predict?

Mr. **Farnsworth**. No. 1 Mr. Chairman, we would again point to the history, the 20-year history of purchases of our grapes by the supermarkets and the various chains.

Had our grapes been of lesser quality, I think they would have put us out of business a long time ago, because they could distinquish very easily between a sour grape that reduces the purchase in their stores, and sweet grapes.

Our grapes are every bit as sweet and as good quality as those from Coachella

The problem we see, more than anything else, is the fact that the grapes would have to be completely processed, completely handled, and all of the packing expenses, all of the crating expenses, and everything paid, before we would know if the grapes would pass at the border. Because of that, many of the growers in Mexico would no longer ship to the United States because they couldn't afford to run those risks.

They are high risks, very expensive risks, and therefore they would curtail the quantity of grape shipments to the United States. This would have a huge detrimental impact upon the people in that area of Mexico and cause high unemployment.

We honestly believe that. We are deathly afraid of having to wait for the inspections at the border which can be arbitrary.

If Coachella Valley were in that same boat, I think that they would be very, very much against this bill because it is completely unfair in that regard. They get their grapes inspected 3 or 4 hours after picking and we have to wait 20 to 24 hours and we would have a lot more costs in the matter.

Senator **Cochran**. I want to congratulate you for the statements that you have made to the committee. You have a comment you would like to make?

Mr. **Stromberg**. Mr. Chairman, with your permission, I thought I should offer to respond to your earlier questions as to whether this legislation may be inconsistent with, or violative of, some of our trading agreements.

Senator **Cochran**. I would like to have the benefit of your comments.

Mr. **Stromberg**. I believe your concern is well-founded, as to whether this legislation would in fact be inconsistent with the spirit of our international agreements, such as the General Agreement on Tariffs and Trade [GATT] I think it clearly would be, and as a result it would have very serious implications for U.S. trade which affects other regions of this country in ways that are much larger than this particular crop alone.

Under our international agreements, it would not be permissible, and it is contradictory to the spirit of those agreements, to engage in discriminatory regulations and standards—and these would be discriminatory.

They would be discriminatory because they would affect only one source of the product, and they would discriminate in the sense the California growers could arbitrarily set in any given year a particular standard which favored their crop and disfavored the Mexican crop. The next year they could change and adopt an entirely different standard based on what their crop happened to be like during that year.

They could, in short, adopt a high sugar standard alone in one year, and a low acid standard alone in another year.

The legislation would also be discriminatory because of the inspection problems previously mentioned, because of the fact that Mexican shipments that are turned down cannot be immediately turned over for processing, and for other reasons.

I think there is no question this legislation would be discriminatory, and it is my understanding the office of the U.S. Special Trade Representative has been looking at this very seriously and has great concern over this issue.

Finally, we have to look at this in the framework of the impact of individual, piecemeal legislation of this kind on our overall trade situation.

I think the question has to be asked: Is it really worth it to attempt to help a small group of California growers who are very rapidly expanding their own production and have that concern first in their minds—at the expense of U.S. farmers in the Midwest who export huge quantities of wheat and other grains to Mexico, and at the expense of manufacturers around the country who export enormous quantities of goods to Mexico? We suggest it is not.

Recent history clearly indicates that where disciminatory nontarfffs barriers to trade are adopted, the foreign nation naturally takes action to respond. In view of the fact that the United States is the world's largest exporter of agircultural goods, we submit it is really not in our national interest to flout the very principles of free trade which have helped us become very prosperous and which are the basis of this large trade surplus we run in this area of international trade.

Senator COCHRAN. Mr. Stromberg, thank you very much for providing those observations; we appreciate having that for our hearing record.

Mr. Farnsworth.

Mr. FARNSWORTH. I would just like to dispel any thought that possibly the pickers in Mexico are not as qualified as the pickers in the United States I was recently in the Coachella Valley and visited with some of the growers there. One of them indicated he had to go through 22 inspections and repackings before he was able to achieve adequate quality, and I still don't know whether he qualified the loads already in the processing plants. So they have their problems, and the quality of the pickers and packers are pretty much in the same ball park.

Senator COCHRAN. I appreciate your coming to the hearing and presenting these views for the benefit of the committee.

I would like to have inserted in the record a statement received from the Food Marketing Institute supporting enactment of S. 505.[1]

In addition, we have a statement from the United Fresh Fruit & Vegetable Association in support of S. 505 which we would also include in the record.[2]

I might say that if there are any other individuals or groups who would like to submit statements in writing for the record we would be happy to receive them. We will keep the record of the hearing open for several days.

We want to have a wide range of information so that we will be sure that whatever decision is reached by the subcommittee will be based on the best possible evidence available.

You have all been a big help to us in this effort and I want to congratulate you on the quality of the statements and your presentations to the subcommittee.

The subcommittee will stand adjourned.

[Whereupon, at 11:40 a.m., the subcommittee adjourned, subject to the call of the Chair.]

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[1] See p. 65 for the statement of the Food Marketing Institute.

[2] See p. 65 for the statement of Bernard J. Imming, president, United Fresh Fruit and Vegetable Association.

APPENDIX

U.S. SENATE,
Washington, D.C., June 25, 1982.

Hon. VERN F. HIGHLY,
Administrator, Agricultural Marketing Service,
U.S. Department of Agriculture, Washington, D.C.

DEAR VERN: During the course of last week's hearing on S. 505 to extend section 8e of the Agricultural Marketing Agreement Act to include table grapes, several factual issues were raised. I would appreciate your help in clarifying these for the Subcommittee record.

1. What percentage of table grapes imported from Mexico are currently inspected and graded on a voluntary basis and what have been the results of these inspections?
2. Are table grapes produced in California outside of the Coachella Valley or in Arizona subject to quality standards?
3. What is the extent of the U.S. processing market, if any, during the Coachella Valley/Mexican season for table grapes which are not able to meet minimum federal marketing order quality standards?
4. What has the Department's experience been with the application of federal marketing order standards to other commodities subject to section 8e? Have imports been significantly reduced as a result of the Section 8e requirements?

I would appreciate your forwarding this information to my office by Thursday, July 1, so that it may be incorporated in the official Subcommittee record. You may wish to combine it with your response to my letter of June 7, 1982, to Secretary Block requesting a description of current USDA procedures for voluntary inspection of table grapes imported from Mexico.

I appreciate your cooperation and look forward to your response.

Sincerely,

S. I. HAYAKAWA.

U.S. DEPARTMENT OF AGRICULTURE,
AGRICULTURAL MARKETING SERVICE,
Washington, D.C., July 1, 1982.

Hon. S. I. HAYAKAWA,
U.S. Senate,
Washinton, D.C.

DEAR SENATOR HAYAKAWA: This is in response to your June 25 letter requesting information related to the marketing of grapes.

During 1980 and 1981, the U.S. Department of Agriculture (USDA) inspected nearly half of the Mexican grapes imported through Nogales, Arizona, the principal entry point. Seventeen percent of them failed to meet U.S. No. 1 requirements in 1980 and 40 percent failed those requirements in 1981.

Federal marketing order quality standards apply to grapes produced in California's Coachella Valley. Those standards usually are in effect from May into midsummer. Another Federal marketing order imposes quality requirements on tokay grapes grown in San Joaquin County, California and marketing from August through November. In addition, all grapes grown in both California and Arizona are subject to standards under the States' Agricultural Codes. Enclosed is a table which shows the various requirements under the marketing orders and codes.

We are not aware of any commercial processing facilities which are active during the Coachella Valley harvest. When grapes do not meet the marketing order requirements, they are generally left on the vines. Some are harvested later for commercial sale. Small quantities may be picked by gleaners for fresh market or for raisins.

At the present time there are 13 different fruits, vegetables, and specialty crops like raisins subject to both domestic marketing order regulations and the 8e requirements on imports. There is no evidence that imports of those commodities have been adversely affected. On the contrary, as shown in the enclosed table, imports of all have at least maintained their position in the U.S. market, and several have made substantial gains. For example, when fresh onions were added to the list of 8e commodities, concerns were expressed that imports might be curtailed. However, over the past ten years U.S. imports of onions have more than doubled. A similar pattern is evident during the past decade for imports of fresh tomatoes, up 23 percent; raisins, up 60 percent; and fresh limes, up seven-fold. The data indicate that rather than being trade barriers, quality standards facilitate market expansion for foreign producers just like marketing order quality requlations benefit domestic producers.

A response to your June 7 letter to Secretary Block has been prepared and will be forwarded separately.

Sincerely,

VERN F. HIGHLEY, *Administrator.*

Enclosures.

55%

TABLE GRAPE COMPARISON CHART 1/

Percent Soluble Solids	U.S. Standards for Arizona Grown Grapes and for origins other than California	Arizona Agricultural Code	California Agricultural Code and U.S. Standards for California Grown Grapes	California Desert & Tokay Marketing Orders
17.5	Muscat		Muscat	
17.0			Thompson Seedless-NW of San Gorgonio Pass	
16.5	All varieties not listed in this column		Thompson Seedless Almeria Tokay, Flame Tokay	Thompson Seedless Tokay
16.0	Thompson Seedless (Arizona)	Thompson Seedless		
15.5	Cardinal, Emperor, Perlette, Ribier & other similar varieties		Beauty Seedless-SE of San Gorgonio Pass, Cardinal, Robin-NW of San Gorginio Pass, Emperor, Ribier, Delight, Perlette, Queen	Beauty Seedless, Emperor, Ribier Delight, Perlette
15.0	Cardinal, Robin, Perlette (Arizona)	Perlette		
14.5		Cardinal, Robin	Cardinal + Robin-SE San Gorgonio Pass	Cardinal + Robin
14.0	Exotic (Arizona)	Exotic	Exotic	Exotic

Grades: California Desert and Tokay Grape Marketing Orders Require U.S. No. 1 Table.

Grades: California and Arizona Agricultural Codes are the same. Both require that not more than 10% of the container be below the serious damage requirement. A bunch is not seriously damaged unless more than 5%, by count, of the berries are affected by specific defects. U.S. No. 1 requires not more than 8% total defects, including not more than 2% serious damage.

1/ Maturity in the U.S. Standards and in California Grown Grapes is determined by a refractometer. Maturity in Arizona Grown Grapes is determined by a hydrometer.

97-657 88

Appendix A

Imports of Commodities Regulated Under Section 8e

	Onions 1/	Tomatoes 2/	Potatoes 3/	Dates 4/	Prunes 5/	Raisins 6/	Filberts		Walnuts		Avocados 9/	Limes 10/	Oranges 11/	Grape-fruit 12/	Olives 13/
							inshell	shelled 7/	inshell	shelled 8/					
	thousand pounds														
1954	14,900	150,300	144,900								8,081	2,924		5,680	
1955	20,900	78,200	124,300								3,671	2,929		3,330	
1956	26,400	95,000	278,100								6,191	3,863		3,917	
1957	27,000	119,500	165,900								6,278	3,014		2,752	
1958	54,600	264,500	256,500								6,770	4,938		5,429	
1959	39,200	262,600	92,000								8,763	4,012		2,280	
1960	5,600	312,700	51,300								6,439	5,303		4,698	
1961	46,000	176,200	70,500								167	5,928	26,443	525	
1962	74,400	236,200	107,900								31	4,388	28,955	934	
1963	34,300	227,700	44,200	43,523							10	4,917	123,072	368	
1964	42,600	100,300	273,300	39,413					15	2,477	33	4,096	125,495	2,434	
1965	48,300	269,000	247,400	26,662					—	2,636	223	3,426	78,934	385	
1966	60,700	360,600	181,500	18,811					—	1,197	617	3,416	38,935	267	
1967	53,700	365,900	205,800	31,236					.3	2,929	376	2,520	34,145	1,603	
1968	91,400	390,300	153,300	27,365					.3	4,288	200	2,666	142,061	3,763	
1969	59,000	449,600	234,900	23,996					.3	2,940	767	2,991	90,015	4,806	
1970	76,300	646,700	172,200	31,316					14	119	1,135	4,922	90,473	8,618	
1971	51,300	575,400	148,500	29,836	1,612				11	472	2,254	3,257	90,926	9,679	117
1972	62,300	386,800	73,600	26,099	2,840	10,338			—	758	1,888	3,606	109,670	17,335	263
1973	150,800	753,100	85,400	24,934	9,381	10,817			—	1,253	2,347	4,881	121,917	15,199	940
1974	102,500	595,800	187,700	23,465	584	994			—	94	3,280	7,012	102,985	12,793	940
1975	87,400	567,100	142,000	46,688	356	295			—	21	2,950	8,719	62,002	8,634	862
1976	82,300	653,300	53,300	19,206	1,168	3,797			4	83	3,957	10,230	60,058	14,375	1,394
1977	146,300	898,300	106,400	51,673	860	26,719	1,239	9,743	1	98	4,015	18,208	85,641	17,439	1,766
1978 14/	138,700	817,800	150,000	37,569	420	9,404	111	8,879	—	141	6,047	28,248	93,001	13,181	1,905
1979	157,400	713,300	139,400	37,905	908	27,384	30	7,024	2	1,248	2,103	31,303	99,253	19,848	2,410
1980	132,800	631,700	218,400	12,768	790	124	.8	5,319	8	98	4,797	38,131	54,972	22,004	1,936

	1/ Onions	2/ Tomatoes	3/ Potatoes	4/ Dates	5/ Prunes	6/ Raisins	Filberts inshell	Filberts 7/ shelled	Walnuts inshell	Walnuts 8/ shelled	9/ Avocados	10/ Limes	11/ Oranges	12/ Grape- fruit	13/ Olives
							thousand pounds								
Five year Average															
1956-60	34,560	210,860	168,760								6,888	4,226		3,815	
1961-65	49,120	201,920	148,660								93	4,551	76,304	1,033	
1966-70	68,220	442,620	189,540	26,545					.3	2,293	619	3,303	87,131	3,827	
1971-75	90,860	615,640	127,840	30,204	2,955	5,611 15/			2	320	2,544	5,495	97,500	12,732	624
1976-80	131,500	746,880	137,300	31,824	829	13,486			3	334	4,366	23,224	78,383	17,369	1,882

1/ Onions - fresh, frozen.
2/ Tomatoes - fresh, frozen.
3/ Potatoes - white, certified seed, quota and over quota; excluding seed, fresh, frozen quota and over quota.
4/ Dates - fresh, dried, pits and no pits; not specifically provided for - prepared, preserved.
5/ Prunes - plums, prunes, prunelles - dried.
6/ Raisins - currants, sultana, from seed grapes, not elsewhere specified - seedless grapes.
7/ Filberts - shelled, prepared, preserved.
8/ Walnuts, not elsewhere specified - shelled, prepared, preserved.
9/ Avocados - fresh, prepared or preserved.
10/ Limes - fresh or in brine.
11/ Oranges - including tangerines (until 1978)
12/ Grapefruit - fresh, prepared or preserved (until 1978)
13/ Olives - not specifically provided for - prepared, preserved.
14/ 1978, 1979, 1980 data originally in metric tons. Converted using 2204.6 pounds per metric ton.
15/ Four year average.

Source: USDA

STATEMENT OF HON. JERRY LEWIS, REPRESENTATIVE IN CONGRESS FROM THE 37TH DISTRICT OF CALIFORNIA

The Agricultural Marketing Act of 1937, as amended, imposes quality standards on a wide variety of produce including oranges, walnuts and dates, among others. Senator Hayakawa's bill, S. 505 and my identical House version, H.R. 1852, amends this act to include TABLE GRAPES. By establishing quality standards, the U.S. Consumer will be assured of a high quality, sweet grape and the grape grower will be assured of a competitive market for high quality grapes.

The purpose of the bill is to prevent the importation of poor quality or immature grapes which can undermine consumer demand, particularly when marketed early in the season. Experience with other commodities under Section 8e has shown that maintenance of consistent quality standards for table grapes will help avoid consumer disappointment and thereby assure stable domestic markets. Ultimately, this will benefit all producers, both foreign and domestic.

This legislation has the broad support of domestic table grape growers and marketers. It also has the support of other food marketing organizations including the Food Marketing Institute, which represents over 1,100 food retail and wholesale firms in the United States.

This is an important bill for the domestic table grape industry and I believe that it deserves your support. I am hopeful that the Congress can take action on this legislation before the end of the year.

STATEMENT OF BRUCE J. OBBINK, PRESIDENT, CALIFORNIA TABLE GRAPE COMMISSION

My name is Bruce Obbink. I am President of the California Table Grape Commission which is located in Fresno, California. The California Table Grape Commission is an instrumentality of the State of California and represents all growers of grapes destined for fresh consumption.

California produces 97% (431,000 tons) of the nation's fresh table grapes. The only other state in production is Arizona. The California Table Grape Commission is charged with the task of conducting national and international promotional campaigns in an effort to increase per capita consumption of fresh grapes. Being the promotional arm of the industry we are extremely concerned with the quality of the product that is currently marketed in this country by Mexican fresh grape growers.

The California table grape industry has invested in excess of 10 million dollars during the past 14 years in research for a better product and showing the American consumer we are giving them a good, sound, mature fresh fruit. The industry is guaranteeing the consumer that no matter what variety is purchased, when it is purchased, or from whom it is purchased it will always have a minimum quality standard and one that is consistent.

The industry has imposed upon themselves responsible regulations regarding fruit maturity. The growers in the earliest producing region (Coachella Valley) have gone even further with regulations concerning appearance.

Fresh grapes marketed in the beginning of the fruit season, approximately May 15, have a disadvantage and an advantage. The advantage is they are the first fruit on the market. The disadvantage is many retailers view this first soft fruit of the season as an ideal promotional item to begin the summer. Great demand is placed on the producer to make volumes of fruit available as early as possible. In the years prior to a quality control program the Coachella Valley grower would yield to that pressure and would allow immature product to arrive on the market. The consumer would purchase these grapes once and because of immaturity and substandard quality, they would not come back for weeks. The immature fruit caused a negative purchase reaction for grapes and ultimately depressed prices and restricted distribution.

With the formation of the Desert Grape Marketing Order (California State Marketing Order which preceded the current Desert Administrative Committee) in the late 1960's, maturity and quality standards were rigidly adhered to and a sound market began to develop.

If Mexican grapes are to continue to increase their production and come to their full potential as a competitor to the Coachella Valley grape industry without the requirement of a regulated minimum maturity standard and quality control, the 70 million dollar grape crop grown in this desert community stands to be irreparably damaged. The damage will be due to consumer rejection of fresh grapes because the fruit from Mexico is immature.

Very seldom are grapes identified at retail as to growing origin. They are normally referred to as seedless or red, white or blue grapes. To try and enforce mandatory labeling of point of orgin would be impossible to police.

The most reasonable approach to giving the American consumer a sound, mature, edible product is to require the minimum quality standard on imported Mexican products as would be required through the passage of S. 505. Coachella Valley grape growers are not asking anyone to accept regulations that are unattainable nor regulations beyond that which they are setting for themselves. Nor are Coachella Valley growers attempting in any way to regulate the volume of Mexican imports. They are merely asking that Mexican growers join with them in acceding to mandatory maturity and quality regulations and thereby provide the American consumer with the quality of product they are entitled to receive.

We respectfully urge the enactment of S. 505.

Statement of Richard Peters, Desert Grape Growers League of California

Mr. Chairman, my name is Richard Peters. I am a grower of desert table grapes in California's Coachella Valley. I am joined by two fellow growers from the Coachella Valley, Mrs. Keene Larson and Mr. Thomas DiMare. I am pleased to appear before your Committee today on behalf of the Desert Grape Growers League of California to present testimony in support of S. 505, a bill which would amend Section 8e of the Agricultural Marketing Agreement Act of 1937 (7 U.S.C. § 608e–1) to require imported table grapes to meet the same standards for grade, size, quality and maturity as domestic grapes which are regulated under federal marketing orders.

Under present law, California table grapes grown east and south of San Gorgonio Pass, the principal growing area of which is the Coachella Valley, must conform to size, grade, and maturity standards provided by a federal marketing order. These standards are designed to ensure the availability of high quality produce at reasonable prices. As such, they provide important benefits to both consumers and producers.

These quality standards currently do not apply to imported grapes. As a result, their quality often tends to be variable. In our experience, this variability in quality, particularly during the early domestic season, can significantly affect subsequent consumer demand for table grapes. Potentially, this could seriously undermine many of the important consumer and market benefits of the existing federal marketing order.

Mr. Chairman, the legislation before you today, S. 505, would remedy this situation by requiring imported grapes which compete directly with Coachella Valley grapes to meet the same size, grade, quality and maturity standards established under the federal marketing order.

In my testimony I intend to address four basic points. First, for those members of the Committee who may not be familiar with the table grape industry, I will present a brief history of the industry in Southern California. Second, I will address some of the important benefits realized by both consumers and producers through federal marketing orders, including Section 8e. Third, I will summarize the importrance of S. 505 in preserving these consumer and producer benefits. Finally, I will briefly review the relatively minor effects that S. 505 would have on the vast majority of importers.

Overall, Mr. Chairman, the basic issue presented by this legislation is one of fairness. S. 505 would require domestic and foreign producers to abide by the same basic quality requirements. By assuring more consistent market quality, the bill also would provide important benefits to consumers.

I hope that the facts presented in my testimony before your Committee today will provide a basis for early enactment of the bill.

I. BACKGROUND

Mr. Chairman, during the 1950's, the favorable climate and soil conditions of the Coachella Valley attracted considerable interest by the California table grape industry. As in any new venture, vineyard practices, cultural methods and harvesting procedures took several years to perfect. During this period, the inconsistent quality signficantly affected the marketing of grapes produced in the Coachella Valley.

In an effort to improve the quality of Coachella Valley grapes, the industry supported the issuance in 1966 of a State marketing order for table grapes grown in the Coachella Valley area. The purpose of the marketing order was to standardize grading and inspection practices and improve marketing efficiency. In order to accomplish these goals, the state marketing order established uniform standards for all varieties of Coachella Valley grapes including grade, size, maturity and packing regulations. Through the enforcement of these standards, through the use of greatly improved cultural methods, including thinning and fertilizing, as well as the development of seedless grape varieties, our grapes are now recognized as setting a standard of excellence throughout the United States and Canada.

In 1980, the Coachella Valley growers sought to enhance our marketing program by voting to approve a federal marketing order for desert table grapes. Among the reasons for this change was the improved opportunity to develop and share scientific and statistical information through the federal order. A federal marketing order also provides flexibility in levying annual assessments against growers and handlers. The assessments cover research and other activities designed to benefit all growers through improved production and marketing practices.

Since 1966, when the first marketing order was issued for the Coachella Valley, many important benefits have accrued to both the producers and consumers of table grapes. First, quality standards have assured consumers of a consistent supply of high quality grapes. Second, the marketing order has had a noticeable stabilizing effect on the market in allowing consumers to purchase high quality grapes for reasonable prices. Third, the marketing order has substantially increased the demand for Coachella Valley table grapes as measured by both increased sales and acreage planted.[1] By any measure, both the State and federal marketing orders have been an outstanding success.

II. MARKETING ORDER QUALITY STANDARDS PROVIDE IMPORTANT ECONOMIC BENEFITS TO CONSUMERS AND PRODUCERS

A. Marketing orders are an integral component of agricultural policy in the United States

Marketing orders are of vital interest to the growers, consumers and handlers of fruits, vegetables, and speciality crops in the United States. A key component of virtually all domestic marketing orders, including the order covering Coachella Valley table grapes, are quality standards. In mid-1981, 47 Federal marketing orders were in effect for commodities produced in 34 states. More than half of the fruits and nuts produced in the country, and about 15 percent of the vegetables, are covered by federal marketing orders.[2] Commodities covered by federal marketing orders had an estimated farm value of approximately $5.2 billion in 1980. This represents approximately 8 percent of total farm receipts from crop sales and about $23 per person in the United States.[3]

Quality control provisions in federal marketing orders permit the Secretary of Agriculture to establish minimum grade, size and maturity standards.[4] These standards are normally enforced through mandatory federal inspections. The cost of these inspections are fully reimbursable to the government through assessments against producers and handlers. The primary purpose of quality control provisions is to protect both consumers and producers from market disruptions caused by sales of immature or otherwise poor quality produce.

B. Marketing orders guarantee high-quality produce to consumers and help stabilize demand

Normally, consumers develop attitudes toward specific procducts through a trial-and-error process. In the case of most pre-packaged foods, consumers may try a number of different brands before choosing one or more favorites The fact that most brands are readily identifiable and of consistent quality makes it relatively easy for the consumer to stay with a few favorites and be confident that each can of his favorite brand of chicken noodle soup will taste about the same. If he tries a different brand and is disappointed, he does not stop buying soup—he simply goes back to his original brand.

This breaks down in the case of table grapes which generally are not sold by brand at the retail level. As such, consumer disappointment in the quality or taste of a particular bunch of grapes may be more easily generalized with respect all grapes.

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[1] Between 1966, when the State marketing order first went into effect, and 1980, fresh production of table grapes from the Coachella Valley increased by more than 87 percent.

[2] Measured by farm value.

[3] U.S. Department of Agriculture, Agriculture Marketing Service, "A Review of Federal Marketing Orders for Fruits, Vegetables and Specialty Crops", at 1 (1981) [hereinafter cited as "USDA Study"].

[4] Fruits and vegetable marketing orders first came into being in the 1930's. Legislative authority for these programs now rests in the Agricultural Adjustment Act, as reenacted and amended by the Agricultural Agreement Marketing Act of 1937, as amended, 7 U.S.C. § 601 et seq.

Unlike many other fresh vegetables, table grapes do not continue to mature once cut from the vine. Although grapes which have been picked too early may differ only slightly in outward appearance from fully mature grapes, they have a lower sugar content and therefore a relatively sour taste. In practice, it is often impossible for the average consumer to distinguish immature grapes on the supermarket shelf.

A disappointing experience with early season grapes can undermine consumer confidence with quality of later grapes.[5] In our experience, consumer acceptance of early season grapes plays an important role in setting the tone for market for the remainder of the table grape season.[6] This is why ensuring consistent quality of early season grapes is so important to the table grape industry as a whole.

Because producers are able to receive the highest prices of the season during the critical first few weeks of the harvesting season when demand for grapes is relatively high,[7] they have a strong incentive to market their produce as soon as possible. Existing Federal marketing order standards prevent the marketing of Coachella Valley table grapes prior to acceptable maturity levels. Enactment of S. 505 would simply extend these same requirements to imported grapes in order to prevent foreign producers from unfairly "jumping" the market and obtaining windfall prices for immature or otherwise lesser quality produce.

III. FAILURE TO ENACT S. 505 WILL UNDERMINE THE IMPORTANT CONSUMER AND MARKET BENEFITS OF THE EXISTING FEDERAL MARKETING ORDER

A. Imported table grapes are unfairly exempted from meeting domestic quality standards

Under current law, quality standards imposed on table grapes produced in the Coachella Valley are not applicable to imported grapes. As a result, importers are not subject to the same restrictions on marketing immature or otherwise off-quality grapes as domestic growers. Foreign producers nevertheless benefit from the higher prices and market acceptance of table grapes created by the enforcement of quality standards on domestic growers. This differential treatment is inequitable and should be corrected. Foreign producers should not be permitted to take advantage of loopholes in U.S. law at the expense of the American consumers.

In 1980 and 1981, approximately one-half of the table grapes imported into the United States from Mexico were inspected and graded by U.S. Department of Agriculture personnel on a strictly voluntary basis. Certification of imported grapes as meeting U.S. Grade 1 quality standards is required for re-export to Canada, and is also helpful in drawing a premium price in U.S. markets. Ironically, whereas domestic grapes which are unable to pass Federal grade standards are prohibited from being marketed for table consumption, imported grapes which fail to meet the same standards may be marketed freely in U.S. markets without any required disclosure of their failure to meet such minimum standards. For example, in 1981, U.S. Department of Agriculture statistics show that 40 percent of Mexican table grapes which were subject to voluntary inspection failed to meet U.S. Grade 1 standards.[8]

S. 505 would remedy this situation by amending Section 8e of the Agricultural Marketing Agreement Act to require imported table grapes to meet the same size, grade, quality and maturity standards which are applicable to domestic grapes under the existing Coachella Valley marketing order. This would close the unfair "loophole" under current law which permits imported table grapes not meeting minimum domestic quality standards to be sold in U.S. markets.

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[5] In a perfect market, sales of inferior quality goods are penalized by consumer switching to more reliable sellers. Where such "brand-switching" is impractical as in the case of table grapes, consumers tend to generalize their experience. Thus, if a consumer buys a sour bunch of grapes, his future purchases will be restrained because he cannot switch brands of grapes. If a sufficient volume of inferior quality grapes are allowed to reach the market during the early season, the resulting contraction in consumer demand can have a significant negative effect on all producers through the remainder of the season. *See* USDA Study at 2d.

[6] The Coachella Valley and Mexican harvest preceeds the bulk of the domestic table grape season. Consumer acceptance of these early grapes helps stabilize the market for grapes produced later. Our experience indicates a strong correlation between improved quality and consumer demand for table grapes. Specifically, sales of Coachella Valley table grapes have increased steadily since the imposition of the 1966 State marketing order.

[7] In 1981, for instance, while the F.O.B. shipper price for Perlette table grapes produced in the Coachella Valley was $25 per lug (22 lbs.) on June 1, 1981, the price fell to $16–$18 only 14 days later. (See p. 45.)

[8] Letter from Michael A. Castille, Chief, Fresh Products Branch USDA, to Charles R. Brader, Director, Fruit and Vegetable Division, dated November 4, 1981.

B. Some thirteen other fresh fruits and vegetables are presently subject to quality standards under section 8e

Domestic quality requirements established by federal marketing orders already apply to imports of some thirteen other fresh fruits, vegetables and speciality crops under Section 8e.[9] The principal purpose of Section 8e, which was added to the Agricultural Marketing Agreement Act in 1954, is to protect the important consumer and market benefits associated with domestic marketing orders from being undermined by lesser quality imports. As stated by former Senator Holland of Florida, one of the principal architects of Section 8e: "The provision [8e] is manifestly fair and is sometimes referred to as the *golden rule amendment*. It imposes no requirement on the imported commodity that is not also imposed on the domestic commodity. It provides for adequate notice so that foreign producers and importers will have ample opportunity to adjust their operations. It does not seek to exclude exports, but rather to make possible market regulation of equal benefit to domestic and foreign producers. Generally, the forces of competition compel producers to harvest and market everything that will sell for enough to cover harvesting costs, plus something in addition, no matter how little. By excluding less desirable grades and sizes, a marketing order makes it possible for the producers *both foreign and domestic*, to obtain better prices and better total returns." [10] (emphasis added).

A similar point was expressed in a recent U.S.D.A. study of federal marketing orders: To the extent imports are directly substitutable for domestic production, the same efficiency costs and benefits apply to import standards as to domestic standards. In particular, where imports are important, domestic producers share product image with foreign suppliers. If standards imposed under orders are uniform and reasonably reflect distributor and consumer perceptions of minimum desirable quality, then the standards do not severely restrict imports and potentially avoid deterioration of demand.[11]

By requiring imported grapes to meet the same maturity standards as domestic grapes, enactment of S. 505 would assure U.S. consumers of consistent quality produce without imposing unreasonable economic burdens of foreign producers. Ultimately, it would protect the interests of both domestic and foreign producers by assuring a stable market for their products.

IV. THE ENACTMENT OF S. 505 WOULD NOT TREAT IMPORTS INEQUITABLY

A. S. 505 would impose no quotas or other quantitative limitations

S. 505 is not protectionist. It would not discriminate against imports in general or those of any particular country. It would impose *no quotas* or other volume restrictions on imported grapes. It would simply extend the same basic quality standards to imported grapes as now apply to domestic grapes grown in the Coachella Valley.

In addition to the thirteen other commodities currently covered by Section 8e, numerous examples of standards imposed on a non-discriminatory basis on both imported and domestic goods exist in the areas of food and drug administration, pollution control and automobile safety. In approving the multi-national Agreement on Technical Barriers to Trade in 1979, the Congress expressed approval of reasonable import standards where the "demonstrable purpose . . . is to achieve a legitimate domestic objective including but not limited to the protection of legitimate health or safety, essential security, environmental or *consumer interests.*"[12] (emphasis added).

B. The Mexican table grape industry has demonstrated an ability to meet domestic quality standards

Under the terms of Section 8e, domestic quality standards may apply to imports only during the period when a domestic order is in force. S. 505 therefore would primarily affect table grapes imported from Mexico between May and July, which coincides with the marketing season for Coachella Valley grapes.[13]

The same U.S. Department of Agriculture statistics derived from voluntary inspections and grading of imported table grapes from Mexico which showed a failure rate of 40 percent in 1981, showed that in 1980 some 83 percent of all shipments were able to meet applicable minimum U.S. quality standards.[14] Informal meetings which we have held with Mexican growers confirm that the vast majority of these growers would have little difficulty in meeting U.S. quality standards. Over the long run, the similarity of the varieties of grapes grown both in the Coachella Valley and in Mexico as well as continued improvements in Mexican growing and marketing practices, suggest that a consistently high percentage of Mexican grapes should be able to meet applicable U.S. standards. Only inferior quality grapes, including grapes deliberately harvested prior to full maturity in order to "jump" the U.S. market and obtain artificially high early season prices, would be excluded.

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[9] Tomatoes, raisins, olives (other than Spanish-style green olives), prunes, avocadoes, limes, grapefruit, Irish potatoes, oranges, onions, walnuts, dates and filberts.

[10] Agricultural Marketing Service, USDA.

[11] USDA Study at 45.

[12] 19 U.S.C. §2531.

[13] Although several other countries, primarily Chile, also export significant volumes of table grapes to the United States, the bulk of other foreign production precedes the Coachella season. (See p. 46.)

C. Border inspections of Mexican table grapes would not impose unreasonable burdens on importers

Various concerns have been expressed relating to the potential detrimental effects of open air border inspections on the transportability of table grapes. To preserve their freshness, table grapes are normally transported from Mexico to the U.S. border in refrigerated trucks at temperatures between 35° and 40° F.[15] The concern is that exposure of the refrigerated grapes to the hot summer temperature at the Mexican-Arizona border will result in excessive condensation and eventual spoilage of the grapes, these fears are unfounded.

As most foreign producers and importers are aware, inspections of imported table grapes under the current voluntary program are presently performed in refrigerated warehouses operated by the shippers themselves. This arrangement, which differs from inspection procedures applied to other fresh fruits and vegetables covered by Section 8e, was agreed to by the shippers and the U.S. Agriculture Department for the purpose of avoiding possible spoilage resulting from open air inspection of chilled grapes. To our knowledge there have been no significant complaints with the current inspection procedures by either the shippers or the Department. Continuation of these arrangements with respect to mandatory inspections would minimize any burdens on importers.

D. The quality standards which would be imposed under S. 505 could not be manipulated against imports

Concerns have also been expressed that enactment of S. 505 would allow the federal marketing order quality standards to be manipulated in the future in a manner which would unfairly burden imported table grapes. These concerns are equally unfounded for several reasons.

First, federal marketing order quality standards for table grapes, by law, are promulgated by the Secretary of Agriculture on an annual basis.[16] Although domestic growers do have input into the standard setting process—as do any other interested parties—the final decision of grape standards rests squarely and exclusively with the Secretary. In this way, foreign producers are protected against a domestic bias. Second, in drafting Section 8e, the Congress explicitly included language directing the Secretary to avoid the imposition of unreasonable burdens on imported produce. Under Section 8e, when the Secretary finds that it is not practicable to impose marketing order restrictions on an imported commodity due to variations in characteristics between the domestic and imported commodity, he may establish equivalent restrictions to cover imports.

Use of this authority should not be required in this case insofar as Mexican and United States table grapes are virtually identical, and it would be extremely difficult to set standards aimed specifically at blocking imports. Under the terms of Section 8e all quality standards which would be applicable to imported grapes would be equally applicable to domestic grapes.

Finally, experience with imports of other commodities subsequent to their inclusion under Section 8e indicates that most have been able to maintain their position in the U.S. market and several have made impressive gains. For instance, imports of both onions and tomatoes have increased over 300 percent since their inclusion in Section 8e in 1954.[17] These statistics substantiate the fact that markets for most fruits and vegetables are highly elastic and may accommodate significant future growth in both domestic and foreign production. Recognizing this fact, the ultimate purpose of Section 8e is not to exclude imports of foreign produce but simply to protect the benefits to all producers and consumers of stable markets and high quality produce from being undermined by inferior quality imports.

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[14] Preliminary indications to the League from U.S.D.A. inspection during the first few weeks of the 1982 season show a similarly high pass rate.

[15] Most Mexican truck shipments cross the U.S. border at Nogales, Arizona.

[16] USDA regulations establishing marketing standards for Coachella Valley grapes in both 1981 and 1982 incorporated by reference, the maturity standard established by the State of California. Should the State standard change in the future, the Secretary would retain the authority to establish a different standard judged to be more equitable.

[17] See Appendix A table following this statement.

V. SUMMARY

In summary, S. 505 would close a technical "loophole" in current federal law which permits imported grapes to escape compliance with minimum quality standards which are applicable to domestic grapes. It would restore basic fairness in the treatment of foreign and domestic produce. It would impose no restrictions on imported grapes so long as they are able to meet minimum federal marketing order quality standards. By requiring imported grapes to meet the same maturity standards as domestic grapes, enactment of S. 505 would assure that U.S. consumers receive consistent quality produce without imposing unreasonable economic burdens on foreign producers. Ultimately, it would protect the interests of both domestic and foreign producers by assuring a stable market for their products.

Enactment of S. 505 would establish no new precedents. It would simply extend to table grapes policies which are already applicable to some thirteen other commodities under Section 8e requiring equal treatment of foreign and domestic produce. In the absence of legislation along the lines of S. 505, the important market benefits served by the existing domestic market order would be jeopardized.

Currently, nearly one-half of all table grapes imported from Mexico are submitted to voluntary U.S. inspection and grading in order to gain entry to Canadian markets and to ensure premium prices in U.S. markets. Evidence that in 1980 over 80 percent of the Mexican grapes which were inspected and graded were able to meet minimum U.S. standards, indicates that enactment of S. 505 would not impose significant or unfair burdens on Mexican producers. We are confident that the vast majority of Mexican grapes will not be significantly affected by this legislation. Only inferior quality grapes would be denied entry. Continuation of current arrangements which permit inspection of Mexican grapes under refrigerated conditions would minimize any potential inconvenience to importers.

S. 505 has broad support among U.S. table grape producers and marketers and is strongly supported by a number of major national and regional food industry groups including the United Fresh Fruit and Vegetable Association, the Food Marketing Institute, the Western Growers Association, the California Grape and Tree Fruit League and the California Table Grape Commission.[18]

Mr. Chairman, I appreciate the opportunity to present testimony to this distinguished Committee in support of S. 505. On behalf of the growers and handlers of table grapes in the Coachella Valley, I hope that you will recognize our position and move toward early enactment of the bill.

I would be pleased to answer any questions which you may have.

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[18] The letters of support referred to begin on p. 49.

COACHELLA VALLEY GRAPES: Bearing Acreage by Variety

Year	Thompson Seedless	Perlettes	Cardinals	Beauty Seedless	Other	Total
			acres			
1966	5,429	3,072	861	143	121	9,626
1967	4,843	3,053	815	135	130	8,976
1968	4,592	3,397	803	134	130	9,056
1969	4,399	3,262	821	134	135	8,751
1970	4,021	3,041	799	134	136	8,131
1971	3,203	3,033	663	102	124	7,125
1972	3,161	2,992	663	102	191	7,109
1973	3,140	3,065	733	130	225	7,293
1974	2,866	3,096	665	118	71	6,816
1975	2,722	3,076	671	130	404	7,003
1976	2,653	3,276	656	130	507	7,222
1977	2,809	3,272	643	129	339	7,192
1978	2,809	3,272	643	129	339	7,192
1979	2,717	3,574	672	101	584	7,648
1980	3,124	3,760	666	86	656	8,292
1981	3,189	3,942	702	67	619	9,073

SOURCE: Annual Reports of Desert Grape Advisory Board

COACHELLA VALLEY GRAPES: Fresh Shipments by Variety

Year	Thompson Seedless	Perlettes	Cardinals	Beauty Seedless	Other	Total
	thousand 22-pound lugs					
1966	1,201	819	263	38	19	2,340
1967	1,362	1,064	290	43	35	2,794
1968	1,236	975	221	40	45	2,517
1969	1,365	1,286	270	59	65	3,045
1970	1,117	1,287	244	51	57	2,756
1971	1,483	1,300	270	48	68	3,169
1972	1,168	1,286	265	66	82	2,867
1973	1,178	1,419	205	52	92	2,946
1974	1,302	1,257	242	40	88	2,929
1975	1,515	1,490	240	48	142	3,435
1976	1,599	1,756	288	52	199	3,894
1977	1,412	1,278	266	52	205	3,213
1978	1,359	1,755	252	38	226	3,630
1979	1,598	1,824	294	56	348	4,120
1980	1,731	1,908	297	51	394	4,381
1981	1,413	1,061	208	27	413	3,122

SOURCE: Annual Reports of Desert Grape Advisory Board

COACHELLA VALLEY GRAPE PRICES FOB SHIPPING POINT BASIS

1981 SEASON

22 LB LUG U.S. NO. 1

DATE	PERLETTE	CARDINALS	BEAUTY SEEDLESS	FLAME SEEDLESS	THOMPSON SEEDLESS	EXOTICS
June 1	25.00	25.00				
2	25.00	25.00				
3	25.00	25.00				
4	22.00	22.00-23.00				
5	22.00	21.00-23.00 M22.00-23.00				
8	20.00	22.00-23.00				
9	18.00	20.00-23.00				
10	18.00	20.00-23.00	22.00-25.00			
11	16.00-18.00 BM 18.00	20.00-23.00	22.00-25.00			
12	16.00-18.00 BM 18.00	20.00-23.00	22.00-25.00			
15	16.00-18.00 BM 18.00	18.00-22.00	22.00-25.00	22.00-25.00		
16	16.00-18.00	18.00-20.00 M18.00	22.00-23.00	21.00-23.00		
17	16.00	15.00-18.00 M16.00-18.00	20.00-23.00	18.00-23.00 M20.00-22.00		
	14.00-16.00	15.00-18.00 M16.00	Insufq.	18.00-20.00	16.00-18.00	
19	14.00-16.00	14.00-16.00 M16.00		18.00-20.00 M18.00	16.00	
22	12.00-14.00	12.00-16.00 M14.00-15.00		16.00-18.00	14.00-15.00 M14.00	
23	Insufq.	12.00-16.00 M14.00		16.00-18.00	14.00	18.00-20.00 M20.00
24		12.00-16.00 M13.00-14.00		15.00-18.00	13.00-14.00 BM 14.00	18.00-20.00 M15.00
25		12.00-14.00		15.00-18.00 M16.00	13.00-14.00 BM 14.00	18.00-20.00 M18.00
26		12.00-14.00		15.00-18.00 M16.00	13.00-14.00 BM 14.00	18.00-20.00 M18.00
29		12.00-14.00		15.00-18.00 M16.00-18.00	13.00-14.00 BM 14.00	18.00-20.00 M18.00
30		12.00-14.00		16.00-18.00 M18.00	13.00-14.00 M14.00	16.00-18.00 M18.00
July 1		12.00-14.00		16.00-18.00 M18.00	14.00-15.00 M14.00	16.00-18.00 M18.00
2		12.00		18.00	14.00-15.00	16.00-18.00 M16.00
3		12.00		18.00-19.00 M19.00	14.00-15.00	14.00-16.00
6		Insufq.		Insufq.	14.00-16.00 M15.00 15.00-16.00	Insufq.

LAST REPORT

M - Mostly

BM - Best Mostly

INSUFQ - Supplies insufficient to quote

Fresh Table Grapes (excluding hothouse): Monthly Shipments
During Coachella Valley Season

(Millions of pounds)

	May	June	July	Total Coachella Season	Total Annual	% in Coachella Season
1980						
Coachella Valley	1.4	59.9	36.9	98.2	98.2	100.0
Mexico	1.6	10.9	3.9	16.4	16.4	100.0
Chile	1.7	.1	--	1.8	76.0	2.4
1981						
Coachella Valley	1.6	47.5	20.1	69.2	69.2	100.0
Mexico	.1	9.8	6.4	16.3	16.3	100.0
Chile	10.4	--	--	10.4	104.8	9.9

Source: Agricultural Marketing Service, Fresh Fruits and Vegetables, Weekly Summary--Shipments.

Appendix A

Imports of Commodities Regulated Under Section 8e

	1/ Onions	2/ Tomatoes	3/ Potatoes	4/ Dates	5/ Prunes	6/ Raisins	Filberts inshell	Filberts 7/ shelled	Walnuts inshell	Walnuts 8/ shelled	9/ Avocados	10/ Limes	11/ Oranges	12/ Grape-fruit	13/ Olives
	- - - - - - - - - - - -	- - - - - -	- - - - - -	- - - - - -	- - - - - -	- - - -	thousand pounds	- - - - - -	- - - - - -	- - - - - -	- - - - - -	- - - - - -	- - - - - -	- - - - - -	
1954	14,900	150,300	144,900								8,081	2,924		5,680	
1955	20,900	78,200	124,300								5,671	2,929		3,330	
1956	26,400	95,000	278,100								6,191	3,863		3,917	
1957	27,000	119,500	165,900								6,278	3,014		2,752	
1958	54,600	264,500	256,500								6,770	4,938		5,429	
1959	59,200	262,600	92,000								8,763	4,012		2,280	
1960	5,600	312,700	51,300								6,439	5,303		4,698	
1961	46,000	176,200	70,500								167	5,928	26,445	525	
1962	74,400	236,200	107,900								31	4,388	28,955	954	
1963	34,300	227,700	44,200	43,523							10	4,917	123,072	368	
1964	42,600	100,500	273,300	39,413					15	2,477	33	4,096	125,495	2,434	
1965	48,300	269,000	247,400	26,662					--	2,636	223	3,426	78,954	385	
1966	60,700	360,600	181,500	18,811					--	1,197	617	3,416	58,959	267	
1967	53,700	365,900	205,800	31,236					.3	2,929	376	2,520	54,145	1,503	
1968	91,400	390,300	153,300	27,365					.3	4,288	200	2,666	142,061	3,763	
1969	59,000	449,600	234,900	23,996					.3	2,940	767	2,991	90,015	4,386	
1970	76,300	646,700	172,200	31,316					14	119	1,135	4,922	90,473	8,618	
1971	51,300	575,400	148,500	29,836	1,612				11	472	2,254	3,257	90,926	9,679	117
1972	62,300	586,800	75,600	26,099	2,840	10,338			--	758	1,888	3,606	109,670	17,335	263
1973	150,800	753,100	85,400	24,934	9,381	10,817			--	1,253	2,347	4,881	121,917	15,199	940
1974	102,500	595,800	187,700	23,465	584	994			--	94	3,280	7,012	102,985	12,793	940
1975	87,400	567,100	142,000	46,688	356	295			--	21	2,950	8,719	62,002	8,654	862
1976	82,300	653,300	53,300	19,206	1,168	3,797			4	83	3,957	10,230	60,058	14,375	1,394
1977	146,300	898,300	106,400	51,673	860	26,719	1,239	9,743	1	98	4,815	18,208	85,641	17,439	1,766
1978 14/	138,700	817,800	150,000	37,569	420	9,404	111	8,879	--	141	6,047	28,248	93,001	13,181	1,905
1979	157,400	713,300	159,400	37,905	908	27,384	30	7,024	2	1,248	2,103	31,303	99,253	19,848	2,410
1980	132,800	651,700	218,400	12,768	790	124	.8	5,319	0	98	4,797	38,131	54,972	22,004	1,936
1981	135,545	525,889	392,355	6,385	158	310	11	3,140	1	6	1,929	46,859	53,961	15,221	2,517

Five year Average	Onions 1/	Tomatoes 2/	Potatoes 3/	Dates 4/	Prunes 5/	Raisins 6/	Filberts inshell	Filberts shelled 7/	Walnuts inshell	Walnuts shelled 8/	Avocados 9/	Limes 10/	Oranges 11/	Grape-fruit 12/	Olives 13/
	- - -	- - -	- - -	- - -	- - -	- - -	thousand pounds		- - -	- - -	- - -	- - -	- - -	- - -	- - -
1956-60	34,560	210,860	168,760								6,888	4,226		3,815	
1961-65	49,120	201,920	148,660								93	4,551	76,584	1,033	
1966-70	68,220	442,620	189,540	26,545					3	2,295	619	3,303	87,131	3,827	
1971-75	90,860	615,640	127,840	30,204	2,955	5,611 15/			2	520	2,544	5,495	97,500	12,732	624
1976-80	131,500	746,880	137,500	31,824	829	13,486			3	334	4,344	25,224	78,585	17,369	1,802

1/ Onions - fresh, frozen.
2/ Tomatoes - fresh, frozen.
3/ Potatoes - white, certified seed, quota and over quota; excluding seed, fresh, frozen quota and over quota.
4/ Dates - fresh, dried, pits and no pits; not specifically provided for - prepared, preserved.
5/ Prunes - plums, prunes, prunelles - dried.
6/ Raisins - currants, sultana, from seed grapes, not elsewhere specified - seedless grapes.
7/ Filberts - shelled, prepared, preserved.
8/ Walnuts, not elsewhere specified - shelled, prepared, preserved.
9/ Avocados - fresh, prepared or preserved.
10/ Limes - fresh or in brine.
11/ Oranges - including tangerines (until 1978)
12/ Grapefruit - fresh, prepared or preserved (until 1978)
13/ Olives - not specifically provided for - prepared, preserved.
14/ 1978, 1979, 1980 data originally in metric tons. Converted using 2204.6 pounds per metric ton.
15/ Four year average.

Source: USDA

UNITED FRESH FRUIT AND VEGETABLE ASSOCIATION,
Alexandria, Va., May 28, 1982.

Hon. JESSE A. HELMS,
Chairman, Agriculture Committee,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: The Fresh Fruit and Vegetable Association, the national trade association of the fresh produce industry, encourages your support for S. 505 introduced by Senator S. I. Hayakawa on the subject of imported table grapes.

The legislation will maintain a continued source of quality table grapes for the nation's consumers by amending the Agricultural Marketing Act of 1937 to assure that all imported table grapes meet the same maturity (sweetness) standard as required by most U.S. producers.

After careful analysis the United has determined that the provisions of the bill would not ban the importation of any foreign table grapes. In fact this Association would not support the legislation if we felt that it would in any way prevent the free trading of table grapes in international commerce. In order to meet the maturity level some table grapes from other countries would merely have to stay on the vine for an additional five to seven days.

In a 1972 study conducted by the University of California at Davis consumers overwhelmingly preferred sweet table grapes. Most indicated that they would buy more table grapes if they could be assured that each grape was as sweet as those tested. This is the same sweetness level marketed by table grape growers in this country. The same sweetness level that would be required of all table grapes imported into this country. It only stands to reason that with a guaranteed sweetness level that the domestic consumption of this commodity would increase.

We would appreciate your support.

Sincerely,

ROBERT C. KEENEY,
Director of Government Relations.

FOOD MARKETING INSTITUTE,
Washington, D.C., March 29, 1982.

Hon. JOHN R. BLOCK,
Secretary, Department of Agriculture,
Washington, D.C.

DEAR MR. SECRETARY: The Food Marketing Institute (FMI) strongly supports legislation pending in Congress which would require that imported table grapes meet the same quality standards as domestically grown table grapes. FMI represents over 1100 food retail and wholesale firms that operate over 17,000 retail food stores. This comprises a combined sales volume of $120 billion—half of all grocery sales in the United States.

Our initial concern was that H.R. 1852 and S. 505 would create a trade restriction. However, after close examination we found this would not be the case. Because grapes do not sweeten further after they are picked, this legislation would have the effect of requiring imported grapes to stay on the vine as long as domestic grapes. They could still be imported, only they would have to be picked later when they could meet the same sweetness standards that domestic grapes must meet.

U.S. marketing order quality standards assure that the American public has a steady supply of high-quality agricultural products. The present circumstances that allow the marketing of table grapes of inferior quality (which happen to be imported), can be regarded as a loophole in the law.

Consumer satisfaction requires that food retailers market agricultural products of the highest possible quality, so ultimately it is the consumer who would benefit by this amendment. FMI urges the Administration to support this important legislation.

Sincerely,

ROBERT O. ADERS, *President.*

Western Growers Association,
Newport Beach, Calif., May 5, 1982.

Hon. Jesse Helms,
Chairman, Committee on Agriculture,
Russell Senate Office Building, Washington, D.C.

Dear Mr. Chairman: The Western Growers Association represents over 1,500 California and Arizona growers, shippers and packers of fresh produce as well as members of allied industries. We are writing to express our strong support for enactment of S. 505.

This bill would require imported table grapes to meet the same size, grade and quality standards as those produced under federal marketing orders.

The Western Growers Association has long supported the federal marketing order program. Marketing orders benefit both consumers and producers by assuring consistent quality and stable prices. S. 505 would extend these benefits by requiring imported table grapes to meet domestic quality standards.

Our own experience with many of the thirteen other commodities which are already subject to similar rules under Section 8e of the Agricultural Marketing Agreement Act supports the benefits of this legislation.

No one benefits from the sale of immature or subquality produce. Buyer dissatisfaction can undermine the market for other reputable producers and sellers, both foreign and domestic. Applying federal marketing order standards to all produce will assure a fair deal for all consumers and producers.

Ultimately, both consumers and producers have an interest in assuring the consistent high quality of fresh produce marketing in this country. S. 505 would help promote this goal and as such deserves your support.

We applaud your deep commitment to the future of American agriculture and appreciate your consideration of the views of our members.

Sincerely,

Jasper E. Hempel,
Vice President, Government Affairs.

California Grape & Tree Fruit League,
Fresno, Calif., May 3, 1982.

To all Members and Other Interested Persons:

Important pieces of legislation are in Congress that will improve the quality of table grapes being marketed in the United States. The bills [H.R. 1852 or S. 505] add table grapes to the 13 other commodities listed in Section 608(e) of the Agricultural Marketing Agreement Act of 1937.

At the present time, U.S. producers in the Coachella Valley in California are under a federal marketing order that establishes self-imposed standards to insure that the quality and flavor of U.S. table grapes going to domestic markets provides a desirable product for the consumer. If this legislation is enacted, the standards imposed by the marketing order on domestic production would also apply to grapes imported principally from Mexico into this country during the period when the marketing order standards are in effect locally (generally May 15–July 15). The imported grapes can be notably inferior in quality, and when marketed against grapes produced domestically can create adverse consumer reaction for all grapes. The effect of the bill is to place as table grapes on an equal footing for *quality.* The marketing order requirements will not affect *quantity,* only *quality.*

Like other agricultural commodities, the consumer of grapes cannot determine quality and sweetness by appearance in the supermarket. If a consumer purchases sour or off-flavor grapes, that same consumer may not continue to buy table grapes. This is a potentially severe economic detriment to all growers, both domestic and foreign, and to the market as a whole.

At its March 31, 1982 meeting, the California Grape & Tree Fruit League's Board of Directors resolved to strongly support this important legislation. We think it makes sense, and urge your support. Thank you.

Sincerely,

Thomas J. Hale, *President.*

California Table Grape Commission,
Fresno, Calif., May 17, 1982.

Hon. Jesse Helms,
Chairman, Committee on Agriculture, Nutrition and Forestry,
Russell Senate Office Building, Washington, D.C.

Dear Mr. Chairman: The California Table Grape Commission strongly supports enactment of S. 505–HR1852 which would require that imported table grapes meet quality standards imposed on domestic produce under Federal Marketing Orders.

Maintenance of high quality standards is important in the marketing of fresh fruits and vegetables. Consumer disappointment with a bad lot of table grapes or other produce can affect future sales as buyers become weary over quality defects. This is a particular problem in the case of table grapes where the average consumer may not be able to discern important differences in maturity—and hence in sweetness—by external appearance alone. By requiring all table grapes to meet the same quality standards, Federal Marketing Orders provide needed protection to both consumers and producers

Enactment of S. 505–HR1852 would extend the same quality requirements currently applicable to domestic table grapes produced in California's Coachella Valley to imported table grapes. Experience with 13 other commodities already covered by similar legislation has been quite positive.

Enactment of S. 505–HR1852 is important to preserve the consistency of quality standards established with respect to domestic produce by Federal Marketing Orders.

We appreciate the opportunity to express our views on this important legislation and urge your support for early congressional approval.

Sincerely,

Bruce J. Obbink, *President.*

Statement of Tom Hale, President, California Grape and Tree Fruit League

Mr. Chairman, my name is Tom Hale. I am president of the California Grape and Tree Fruit League, a non-profit service organization for growers and shippers of California and Arizona fresh grapes and deciduous tree fruits—plums, pears, peaches, apricots, apples, cherries, figs, nectarines, and other miscellaneous deciduous fruits. League members grow and/or ship approximately 80% of all fresh grapes and deciduous tree fruits moving in intrastate, interstate and foreign commerce. California and Arizona produce over 99% of all domestically grown table grapes.

The League was organized in 1949 for the purpose of advancing the well being of the fresh grape and deciduous tree fruit industry. Its original and continuing purpose is to promote a reasonable marketing atmosphere for growers and shippers of these products by establishing fair and reasonable quality standards, reasonable transportation practices. The League has worked extensively in the development of reasonable maturity and quality standards which benefit both the industry and consumers.

The League is governed by a 50 member Board of Directors who represent producers and shippers from virtually every table grape grower in California and Arizona. At its March 31, 1982, meeting, the League's Board of Directors voted unanimously to support S. 505.

Mr. Chairman, the California Grape and Tree Fruit League is convinced that this legislation is critical to correct an existing inequality. If enacted, imported table grapes will simply be required to meet the same quality standards as domestically produced grapes. This is not a restrictive standard, and it would not affect the volume of imported grapes in any way.

We believe that the marketing order quality standards currently applied to Coachella valley grapes are reasonable. Application of these standards to domestic grapes has had a positive affect on the market by ensuring greater consumer acceptance of the product.

It is essential that consumers be ensured of a consistent quality product at the market. Studies have repeatedly shown that consumers favor quality produce over inferior produce, even where a price differential exists. Furthermore, studies indicate that consumers will have a negative reaction to an initial purchase of table grapes which are not ripe and which discourages repeat purchases throughout the remainder of the season. Thus, creation of positive early consumer acceptance by providing a product of consistent quality will stabilize the market for grapes produced in late season as well.

We are concerned that low quality imports have a detrimental impact on the entire domestic industry. As previously indicated, this legislation will not restrict the volume of imports. It merely extends equal treatment to both foreign and domestic producers by imposing fair and reasonable quality standards. We urge you to enact S. 505.

STATEMENT OF THOMAS DIMARE, DESERT GRAPE GROWERS LEAGUE OF CALIFORNIA

Mr. Chairman, my name is Thomas DiMare; and in addition to appearing before your distinguished subcommittee as a representative of the Desert Grape Growers League of California, I am also appearing as a representative of the Western Growers Association and the California Grape and Tree Fruit League.

Mr. Tom Hale, President of the California Grape and Tree Fruit League, was unable to appear this morning. I, as a member of the board of the Grape and Tree Fruit League, would respectfully request that Mr. Hale's statement be included in the Record.

Similarly, Mr. Jaspar Hempel, Vice President of the Western Growers Association, was unable to appear this morning. In his behalf, I as a member of the board, would like to submit a letter to the Committee from WGA and ask that it be included in the record as well.

The Grape and Tree Fruit League represents table grape growers in both California and Arizona, where 99% of domestic table grapes are grown. The WGA has 2,000 members in California and Arizona and accounts for 50% of the fresh fruit and vegetables produced in the U.S. Both the Grape and Tree Fruit League and the WGA unanimously endorsed S. 505, and both organizations urge the Committee to favorably report this legislation.

Mr. Chairman, I would like to take a moment to dispel certain myths which have become attached to this legislation.

The first myth is that the bill would discriminate against foreign table grape producers, particularly Mexican producers.

S. 505 would not restrict imported table grapes from Mexico any more than Mexican table grapes are restricted by Canada. In fact, Canada, which requires table grapes to meet the USDA #1 standard, has no domestic table grapes with which the Mexican imports can compete, and yet Canada does impose a quality standard, a standard higher than the one in the Marketing Order. Moreover, there appears to be no evidence that the quality standards imposed by Canada have a discriminatory affect on Mexican table grapes.

If, as has been suggested, Mexican growers are truly committed to improving the quality of their grapes to meet U.S. #1 standards, S. 505 should have little affect on their operations beyond mandatory inspection at the U.S. border. As Mr. Peters noted in his statement, nearly 50% of Mexican imports currently undergo inspection and grading at the border on a voluntary basis. Existing procedures, which provide for inspection in the shippers' own refrigerated warehouses, have been specifically designed to minimize any potential damage to the chilled grapes from exposure to warm air.

A second myth which I would like to address is that the bill would have an adverse affect on consumers. In fact, I believe that this legislation would have a positive impact on both domestic and foreign producers, as well as consumers. Specifically, since the Marketing Order has been in effect, the acreage has doubled and tonnage has increased 87 percent. Simply put, everyone has benefited: the consumer, the farmer, and the worker. It is contended that there is no difference in general quality between Mexican and domestic grapes. This only supports the fact that imported grapes can clearly comply with domestic quality standards, thus there is no discriminatory impact to the foreign grower. Furthermore, the consumer is protected by being assured of a product which is of consistent quality.

It is argued that this legislation will increase the price of the commodity to the consumer. Price is determined solely by the law of supply and demand. Since Mexican grapes can clearly meet the U.S. standard, this legislation should have little or no affect on the supply of grapes in this country, so no corresponding affect on price. In fact, if consumers are assured of a consistently high quality produce through implementation of quality standards, the affect will be an enhancement of the demand. This is borne out by the experience in the Coachella Valley: Since 1966, an 87 percent increase in product movement.

A final myth that should be addressed is the suggestion of significant opposition to S. 505 among U.S. food marketers. The testimony of the Mexican table grape growers includes several letters and telegrams from U.S. marketers expressing concern with the legislation. By and large, these letters reflect a serious misunderstanding of the bill. For example, one letter refers to "present U.S. restrictions as to grade and sugar requirements on the Mexican grape" and urges that "no further restrictions" be added. Frankly, I suggest that most of the individuals who have written such letters are not familiar with the bill and have reacted to misinformation. In fact, there are several cases in which, once hearing the truth, people have retracted their opposition.

In our view, a far better guide to the real sentiments of the food marketing industry is the strong support for S. 505 expressed by both the Food Marketing Institute which represents over 1,100 food retail and wholesale firms which operate over 17,000 retail food stores nationwide and the United Fresh Fruit and Vegetable Association, the National Trade Association for the fresh produce industry representing over 4,000 members throughout the U.S.

Mr. Chairman, I appreciate the opportunity to appear before your Committee today to express support for S. 505. At this point, I would be pleased to answer any questions which you might have.

DiMare Enterprises Inc.,
Newman, Calif., June 29, 1982.

Hon. Thad Cochran,
Chairman, Subcommittee on Agricultural Production, Markets and Stabilization on Prices, U.S. Senate, Washington, D.C.

Dear Senator Cochran: Richard Peters, Mrs. Keene Larson and I appreciated the opportunity to testify before your Subcommittee recently on S. 505 a bill to require imported table grapes to meet the same quality standards as domestically produced table grapes.

We were frankly surprised to hear the testimony of those opposing this legislation, particularly that of Mr. Farnsworth from Phoenix, Arizona. (It is interesting to note that the Arizona Grape Growers Association strongly supports this legislation.) In several instances, his statements were in direct conflict with representations he and members of his group made to Coachella Valley growers.

On three occasions prior to the hearing, Coachella Valley grower representatives met with representatives of the Mexican table grape growers. Mr. Farnsworth purportedly represented the Mexican growers at two of those meetings. Those sessions were for the express purpose of discussing various concerns of the Mexican growers regarding this legislation.

A matter which was of particular concern to Mr. Farnsworth at the initial meeting was whether the present method of inspection of Mexican table grapes would be continued under this legislation if enacted. Recognizing this as a legitimate question, we investigated the current USDA inspection program for Mexican table grapes. As discussed at some length in our testimony at the hearing, nearly one-half of all Mexican table grapes are already inspected on a voluntary basis. Such inspections are conducted in the shipper's own refrigerated warehouses. The USDA has indicated that this inspection procedure would continue if this legislation is enacted. Thus, there would be no change in the inspection procedure of imported table grapes, and Mr. Farnsworth had been made aware of this fact prior to the hearing.

The second concern expressed by Mr. Farnsworth at the meetings was that existing standards could be altered to discriminate against imported grapes. The Coachella Valley growers gave specific assurances to him and the Mexican growers that there was no intent or interest to use this legislation as a means to exclude imported grapes. It should be emphasized that during those meetings Mr. Farnsworth indicated that current marketing order quality standards would not unduly burden Mexican growers. In fact, he agreed that quality standards would benefit the early season table grape market as a whole.

At our final meeting with Mr. Farnsworth, held only three days prior to the Senate Subcommittee hearing, the Coachella Valley growers agreed, that should S. 505 be enacted, they would not make recommendations to the Secretary of Agriculture for any change in quality standards for a minimum of five years. Further, should the standards be changed after that time, any such change would not apply to imported Mexican grapes for a period of one year subsequent to its effective date.

This offer was made in a continuing good faith effort to allay the fears of those Mexican growers who might feel this legislation would be used to reduce the volume of imported grapes. Mr. Farnsworth, in fact, agreed that this was a reasonable compromise and said that he would meet and recommend it to his grower association. He indicated he would contact us with the result of that meeting prior to the Senate Subcommittee hearing on June 17, 1982. We, however, received no further communication from him.

I would also like to comment upon some specific statements presented by Mr. Farnsworth in hearing testimony. There was a clear implication that domestic grapes which do not pass inspection are used for processing into juice or wine. This is not the case. Early season domestic table grapes which do not meet marketing order quality standards are simply discarded as there is no domestic market for process-grade table grapes during the Coachella Valley—Mexican season. Ironically, today in the absence of S. 505, Mexican table grapes which do not make grade can still be sold in the domestic market.

Mr. Farnsworth made the following statement in his written testimony (at p. 2) which we find particularly disturbing: "We can state flatly that we know of no evidence that the general quality of Mexican grapes imported into the United States is lower than the general quality of domestic grapes. Indeed, whereas domestic growers in many areas can sell any quality of grapes they wish, the Mexican growers have adopted a program to send to the United States only grapes which meet the Department of Agriculture's 'No. 1' standard."

The statement that Mexican and domestic grapes are of the same general quality is contrary to USDA statistics which demonstrated that in 1981, 40 percent of the Mexican grapes inspected failed to meet the USDA No. 1 quality standard. Furthermore, the assertion that domestic growers in many areas can still "sell any quality grapes they wish" is simply not true. To my knowledge, all domestically produced table grapes are subject to quality standards. And finally, if in fact Mexican growers have already instituted a program to export only USDA No. 1 table grapes to this country, this legislation will not only not be burdensome to Mexican growers, but will ensure the success of their own program.

Senator Cochran, this brief background is presented to you for your consideration and evaluation of the equities of this situation. As I stressed previously, this legislation would simply require that imported table grapes meet the same quality standards as those produced domestically. More importantly, such quality standards will benefit Mexican table grape growers just as the initial marketing order has enhanced the market for our own growers.

I respectfully request that you include this letter as a part of the hearing record.

Sincerely,

THOMAS DIMARE.

STATEMENT OF ALBERT "M" FARNSWORTH, THE ASSOCIATION OF TABLE GRAPE GROWERS OF SONORA, MEXICO

Mr. Chairman and members of the Subcommittee, I am Albert "M" Farnsworth, former President and representative of the Association of Table Grape Growers of Sonora, Mexico. I am accompanied here today by Fausto Bay Rogel, current President of our Association, and by our legal counsel, Clifford Stromberg of the firm of Arnold & Porter. The members of our Association produce virtually all of the table grapes which are imported into the United States from Mexico. We appreciate this opportunity to express our views on this legislation.

I would like to state at the outset that we believe the proposed legislation is unnecessary, unfair, and unwise. The legislation will harm rather than help American consumers of table grapes. It will have adverse consequences for several sectors of the U.S. economy. And it will impair important long-term interests of the United States.

A. The legislation is unnecessary and will not serve the interests of American consumers

The proponents of the legislation would have you believe that it is an effort to protect American consumers. In reality, it is simply an expression of "sour grapes" by growers in the Coachella Valley of California. They wish to eliminate totally the fair competition by Mexico in the production of grapes which American consumers enjoy at affordable prices.

The proponents say that the legislation is necessary to protect against the risk that poor quality grapes from Mexico will deter consumers from buying high-quality California grapes. This is simply not so. We can state flatly that we know of no evidence that the general quality of Mexican grapes imported into the United States is lower than the general quality of domestic grapes. Indeed, whereas domestic growers in many areas can sell any quality of grapes they wish, the Mexican growers have adopted a program to send to the United States only grapes which meet the Department of Agriculture's "No. 1" standard.

Moreover, the proof of the grapes is in the eating. For many years, sophisticated bulk purchasers such as supermarket chains in the United States have purchased Mexican grapes, stocked them on their shelves interchangeably with domestic grapes, and charged the same price for them. Obviously, if they had perceived a difference in quality between U.S. and Mexican grapes, they would not have done so. Likewise, the U.S. consumer has purchased Mexican and domestic grapes interchangeably, and has been satisfied with both.

The argument of the proponents of S. 505 is entirely fanciful in another respect. They say that if a consumer purchases grapes which turn out not to be sweet, the consumer will avoid buying grapes the next week even if the grapes would be of better quality. This scenario is unrealistic. Consumers understand perfectly well that the quality of grapes—like all fruits—varies from week to week, farm to farm, and season to season. They do not make inferences about the whole crop based on one purchase, in the way they might in purchasing brand name canned goods.

Moreover, the consumer is no more likely to get an unsweet bunch of Mexican grapes than an unsweet bunch of domestic grapes. Those best able to observe these purchasing trends on a day-to-day, week-to-week basis are the distributors and food stores. They have continued to purchase and stock Mexican as well as domestic grapes because they know that there is no difference in quality between them. I have attached to my statement copies of just a few of the many letters we have received from distributors all across the United States attesting to the high quality of Mexican grapes and opposing restrictions on imports of such grapes.

The predictable result of this legislation will be not to help American consumers, but to harm them, by limiting supplies of grapes and raising the price without in any way enhancing quality. In these times of painful inflation, we submit that it is unjustifiable to take actions that will only increase food costs for American consumers.

It is particularly unjustifiable to impose higher prices on American consumers in order to protect the domestic grape industry against fair competition, because that industry is healthy and expanding. Each year thousands more acres in California and elsewhere are planted in grapes. Indeed, production of grapes is expanding far more in California than it is in Mexico. Nevertheless, the domestic demand for grapes has continued to be strong, and prices continue to rise because domestic production alone cannot satisfy the demand.

Furthermore, there has been no sudden "flood" of imports of grapes from Mexico. On the contrary, Mexico supplies only a small percentage of U.S. grape consumption, while the United States exports abroad about fifteen times the volume of grapes that it imports from Mexico. Mexico has not provided "subsidies" or engaged in unfair conduct so that its grapes could undersell domestic grapes; indeed, they sell at the same prices. As we have noted, Mexican grapes are equivalent in quality to domestic grapes.

Thus, whatever justifications might exist for special protection for other U.S. industries, there is no such justification for shielding the table grape industry in a particular part of California from fair competition. Legislation such as this to afford special protection to particular commodities under Section 8e has only been enacted twice during the last twenty years. Such action should be taken only in the most exceptional circumstances. The case of table grapes simply does not justify this unusual, costly, protectionist barrier to trade.

B. The legislation is unfair

The proposed legislation would require the application of regulations adopted by a small group of grape growers in the Coachella Valley of California to all grapes imported from Mexico during the Coachella season. In fact, if a marketing order was in effect at any time for any area of the United States, importation of grapes would be prohibited unless the imported grapes met the standards which the growers of that particular region had chosen to adopt for that particular season.

This legislation is unfair in several respects.

First, the restrictions would not apply to domestic grapes from areas other than Coachella. Indeed, the growers in other areas of California, in Arizona, and elsewhere have specifically decided *not* to adopt similar marketing orders for their grapes. Their grapes would continue to go to market free of the restrictions imposed on Mexican grapes. This would also be true of Chilean and other grapes imported at times other than during the Coachella season. Thus, regulations would have a blatantly discriminatory effect by applying only to Mexican grapes.

Second, the regulations adopted under marketing orders might well be designed to bar imports, and bear no genuine relationship to assuring the quality of grapes.

Such regulations have been used to erect irrational barriers to foreign commodities on several prior occasions.

There are many elements which go into making a high-quality table grape, but a key one is the ratio of sugar content to acidity. it is not important that sugar content be high or that acidity be low; so long as they are in balance, the grapes may taste exactly the same. Both the sugar content and acidity will vary from farm to farm, from region to region, and from year to year. However, in order to exclude Mexican grapes, particular groups of domestic grape growers could choose a standard in a given year based on a single, arbitrary measure on which their grapes happened to differ from the Mexican grapes. Then, during the next year, they could choose yet a different standard. Such gamesmanship could be used from year to year to exclude excellent Mexican grapes that consumers would like to have.

Third, inspection procedures under the marketing order would have a discriminatory impact on Mexican grapes. California grapes would be inspected for conformity with marketing order standards in the growers' own packing sheds. If the grapes failed to meet the standards, they could easily be repacked on the spot so that they would pass inspection. All grapes, both Mexican and domestic, are "pre-cooled" in order to prevent spoilage during transit and assure high quality upon arrival. Unlike California grapes, however, Mexican grapes are only inspected when they reach the U.S. border on a truck. Therefore, if a Mexican shipment does not pass, it cannot be hauled off the truck and repacked to conform to the standards, without warming up so much that it will begin to decay. If it fails to meet the arbitrary standards of a marketing order, it must either be sent back to the grower or disposed of locally in Mexico—at an enormous loss. Thus, the Mexican grower would have to be willing to pay the cost of packing and transportation—and still risk having a shipment of high quality grapes turned back at the border. This is terribly unfair and discriminatory.

Some argue that if discriminatory regulations are proposed by the growers in a particular area, they will not be approved by the Secretary of Agriculture. However, businessmen need a stable environment in which to operate; they cannot always wait for the fluctuating decisions of government. Moreover, marketing order rules frequently have not received careful scrutiny by the Department of Agriculture. Also, the Secretary might not be able to judge at the outset the full market impact of particular regulations. The effects might become clear only after a full season or more. Unfortunately, if such regulations caused the Mexican growers to suffer even a single disastrous season, many of them would be wiped out. Like farmers in the United States, Mexican farmers have been hard hit by a range of economic pressures. As is well known, they could be destroyed in a single year.

If the Mexican grape industry is crippled by discriminatory marketing order rules, it is not only the Mexican grower, but also the U.S. consumer who will suffer. Curtailed Mexican production will result in less high-quality grapes on supermarket shelves in the United States, and consequently, in higher prices for grapes. This result is unfair to the American consumer and undesirable for the U.S. economy.

C. The legislation represents unwise trade policy which will harm U.S. interests

Permitting the use of discriminatory nontariff barriers against trade in Mexican grapes could seriously damage the very productive trade relationship between the United States and Mexico. We should bear in mind that Mexico is the United States' third largest trading partner, after Canada and Japan. Trade between the United States and Mexico exceeded $31 billion last year. Even more importantly, the United States had a trade surplus with Mexico of more than $4 billion last year. Protectionist measures which inhibit Mexican exports will only reduce Mexico's ability to purchase goods from the United States. Among the most important categories of Mexican purchases from the United States last year were wheat, soybeans, corn, cattle hides, airplanes, televisions, electronic equipment and agricultural machinery. Without adequate foreign exchange earnings from exports, Mexico might well be forced to curtail its purchases of these goods imported from the United States.

Discriminatory nontariff barriers which harm the Mexican grape industry will directly injure the United States economy in other ways as well. Mexican grape growers now purchase a substantial amount of their supplies from the United States—including crates, fertilizers, chemicals, and machinery. In fact, when one calculates the value of these U.S. exports to Mexico, and the United States distribution expenses and profits on Mexican grapes, the result is that of every dollar the American consumer spends on Mexican table grapes, about 80 cents remains in the United States.

Harm to the Mexican grape industry would also cause thousands of families in Northern Mexico to lose their livelihood, only adding to the problems of immigration to U.S. border states. When the United States government is seeking to limit immigration, to improve economic relations with Mexico, and to garner Mexico's support on several Hemispheric political issues, it is self-defeating for the United States to take discriminatory action against a sector of the Mexican economy which is functioning fairly and competitively.

The use of nontariff barriers to agricultural trade is also contrary to the very principles which the United States champions in the world today, because those principles are in its long-term economic interests. We do not urge the United States to set trade policy on the basis of altruism; on the contrary, it should act from enlightened self-interest. But the stark fact is that the United States is the world's largest exporter of agricultural goods.

In 1981, the United States exported more than $43 billion in agricultural commodities abroad, and its trade surplus in agricultural goods was more than $26 billion. One of the countries with which the United States enjoyed an agricultural trade surplus was Mexico. It is contrary to United States interests to discriminate against other nations in a small crop such as grapes, and thereby endanger the principles of free international trade on which the United States' vast trade in agricultural commodities rests. The proposed legislation may well help some California growers—while hurting U.S. farmers who now export other crops to Mexico, U.S. manufacturers of goods exported to Mexico, and the U.S. consumer.

For all of these reasons, we submit that the proposed legislation is very ill-advised. It will not improve the overall quality of grapes since a large segment of the market will remain unregulated. It will deny the consumer access to high-quality Mexican grapes. It will cost the American consumer money through higher grape prices. It may well lead to crippling the Mexican grape industry, and thereby result in economic dislocations in border areas, as well as decreased Mexican imports from the United States. Finally, this legislation can only encourage Mexico and other nations to adopt legislation which will impair the huge volume of United States exports of agricultural commodities.

There is no justification for bearing these costs. The California grape industry is healthy and growing. Its desire to grow faster should not lead to enactment of legislation which would harm many other groups in the United States, as well as United States' long-term economic interests.

We urge you to reject this unnecessary, unfair, and unwise legislation.

Thank you for affording us the privilege of stating our views to the Subcommittee.

ATTACHMENTS

[Mailgram]

PACIFIC FRUIT AND PRODUCE CO.,
Nogales, Ariz., May 6, 1982.

THE ROBERT FARNSWORTH CO.
Mesa, Ariz.

Copy of Message Sent to Senator S. I. Hayakawa on May 6, 1982.

In reference to the proposed restrictions on Mexican grapes imported to the United States. We are opposed to any new restrictions that might be imposed on Mexican grapes. We have found the quality of Mexican grapes equal or in some cases better than what is available to us in the U.S. Your attention to this matter would be greatly appreciated.

[Mailgram]

LEW JOHNSON BROKERAGE CO.,
Denver, Colo., May 6, 1982.

Mr. ROBERT FARNSWORTH,
Mesa, Ariz.

DEAR SIR: Reference any possible restriction on Mexican fresh grapes it has been our good fortune over the last 8 years to be able to buy these excellent quality grapes in truckload lots. During this period of time we have sold in excess of 70 truckloads and still have to experience our first complaint. In our opinion it would be completely wrong to put any restrictions on this product.

BOB RINGER, *Owner.*

J. R. Freni Co. Inc.,
Everett, Mass., May 7, 1982.

Senator S. I. Hayakawa,
U.S. Senate,
Washington, D.C.

Dear Sir: We are writing in reference to Mexican grape imports. We have purchased many Mexican grapes in the past few years and we find them to be of very high quality. There has been an excellent response from our buyers in New England and the consumers seem to be very pleased with the quality and the flavor of these Mexican grapes.

Sincerely,

Joseph R. Freni, *President.*

Reaves Brokerage Co., Inc.,
Dallas, Tex., May 6, 1982.

Senator S. I. Hayakawa,
Senate Office Building, Washington, D.C.

Dear Senator: Since the introduction of Mexican grapes into the United States, our office has been instrumental in the distribution of same in the Dallas-Fort Worth, Texas metroplex. We also handle California grapes.

Our experience indicates that the Mexican grape deal starts earlier than California and fills an important gap between the end of the Chilean grape deal and start of the California deal with some overlap.

To date the present U.S. restrictions as to grade and sugar requirement on the Mexican grape have been more than enough to insure an excellent product for the American market and accordingly makes grapes more available on a competitive basis to all consumers.

We sincerely ask that no further restrictions be placed on Mexican grapes—not only for the above reasons but for political reasons as well.

The U.S. needs all the Latin-American good will we can maintain.

Sincerely,

George W. Reaves, Jr.,
President.

[Telegram]

Kleiman & Hochberg Inc.,
Hunts Point, Bronx, N.Y., May 6, 1982.

Hon. S. I. Hayakwa,
U.S. Senate, Washington, D.C.

Dear Senator Hayakawa: We have been direct receivers of Mexican grapes for over twenty years. We find that they are as fine quality and contain as high a sugar content as both American and Chilean grapes, which we also handle.

As Mexican grapes precede domestic (Calif.) ones, they in no way detract from the American grapes.

We therefore see absolutely no need to raise the minimum sugar content required of Mexican grapes, a change currently under discussion in Washington.

We urge your support.

Respectfully,

Sidney Kleiman, *President.*

Ta-De Distributing Co.,
Nogales, Ariz., May 12, 1982.

To Whom It May Concern:

The firm of Ta-De Distributing Company is engaged in importing fresh fruits and vegetables from Mexico. We have always been interested in handling produce of the best quality available, primarily we have been importing winter fruits and vegetables from Sinaloa.

During the past few years we became aware of another commodity that is being produced by Mexico, which is tablegrapes. We have seen the quality of these grapes improve drastically over the past couple of years. So much so that we ourselves became interested in handling the commodities due to the ease of selling the product on a quality basis. These are some of the best eating grapes to be found anywhere in the world.

At this time we see no need to establish a marketing order for the improvement of Mexican grapes. We feel the people producing Mexican grapes are aware of the fact that producing better quality produces better prices for that commodity.

Sincerely,

Robert Bennen, *Vice President.*

Omega Produce Co.,
Nogales, Ariz., May 12, 1982.

To Whom It May Concern:

Omega Produce Co. Inc. has been importing Mexican Grapes for the past three years with excellent acceptance by U.S. receivers due to their high quality and good sugar content.

Only grapes of high quality are shipped to the U.S. and grapes not meeting with shippers quality control standards, are readily sold to the Mexican Market.

We feel that Senate Bill 505 and H.R. 1582 are unnecessary legislation with no further benefits to the American consumer.

George Gotsis, *President.*

W. W. Rodgers & Sons Produce,
Dallas, Tex., May 7, 1982.

Hon. S. I. **Hayakawa**,
Senate Office Building,
Washington, D.C.

Dear Senator Hayakawa: We operate a wholesale produce business in Dallas and are required to have grapes in our inventory at all times to supply our customers. In order to meet the demand of our customers, we find it essential to handle both Mexico and California grapes. We enjoy the privilege of being able to supply both Mexico and California grapes and sincerely hope we will be able to continue to get grapes from Mexico.

We respectfully request your support in keeping the Mexico grapes available for our needs.

Sincerely,

Roy D. Rodgers, *President.*

Mike Masaoka Associates,
Washington, D.C., June 17, 1982.

Hon. **Thad Cochran**,
Chairman, Subcommittee on Agricultural Production, Marketing and Stabilization of Prices, Senate Committee on Agriculture, Nutrition, and Forestry, Russell Senate Office Building, Washington, D.C.

Dear Mr. Chairman: We are submitting this letter for the record on behalf of the West Mexico Vegetable Distributors Association of Nogales, Arizona, which is an organization composed of approximately 54 American companies involved in the importation and sale of fresh fruit and vegetables during the late fall, winter, and early spring seasons when the warm climate in Mexico allows harvesting of fruit and vegetables that do not grow well in most of the colder northern states.

The Association would like to present the following information for the Committee's consideration regarding the possible effects of S. 505 as it might ultimately affect the consumer.

1. The Association understands that the majority or about 60% of the seedless table grapes of the type under discussion are grown in California, with total imports accounting for approximately 20%, and grapes from other areas in the United States accounting for the remaining 20%. If Sec. 8e of the Agricultural Adjustment Act is amended to include table grapes, a marketing order established in California (or any other area) then applies to imported grapes while domestic table grapes grown outside of the area would be exempt. The marketing order clearly would be unfair to imports.

2. During about 40 days of the year, in May and June, imported table grapes from Mexico suppplement the harvest from California, specifically Coachella Valley. In other times of the year, table grapes from Mexico do not play a significant role in the market because Mexican weather does not favor grapes. The current drive to include table grapes in Sec. 8e is an over-reaction to a relatively short-term problem that can be resolved to the benefit of all concerned—consumers, growers, distributors, retailers—without creating additional government regulations.

3. If absolute assurance is needed of high quality during the brief time that table grapes are being supplied from Mexico, a self-policing system can be instituted by

the Mexican growers and/or the Mexican government. In fact, it is our understanding that the Mexican growers are now working on a system for the coming season. Additional regulations and bureaucracy are not needed. A better and simpler way can be devised to make sure that the consumers get only the best quality and tasting table grapes from Mexico or any other growing region.

4. A self-policing or self-regulating system will work because the growers have much at stake. If they fail to meet quality standards, buyers from grocery chains, and ultimately the consumers, will not continue to purchase. Fresh fruit and produce are bought on a daily basis in a very competitive market. No major food store chain, or any buyer for that matter, will be a return consumer if a grower cannot, or will not, provide high-quality, high-sugar content grapes.

If regulatory procedures must be put into place, the Association believes that in all fairness, quality inspections should be conducted in the growing area at the packing sheds in Mexico. The quality inspections cannot be conducted fairly at the border because the grapes are shipped in closed, cooled trucks, and when the trucks are opened for inspection at the border in hot weather, the cooled grapes will "sweat" and quickly spoil. Any quality-related inspection, therefore, should be conducted before the grapes are shipped.

If the inspections are not conducted at the packing shed, unnecessary expenses might be incurred for packing, shipping, loading, unloading, export duty, and other charges without any assurance that the shipment will be approved at the U.S. border. Domestic growers on the other hand, would avoid all these unnecessary expenses by getting quality-related inspection and approval at the packing shed.

To reiterate, the Association believes there is no need to amend Sec. 8e to include table grapes at this time. The season during which table grapes from Mexico are sold side-by-side with table grapes from the United States is very short. The Mexican growers are in the process of putting together a self-regulatory or self-policing system to make sure that the table grapes they ship to the United States will be of high-quality and sugar content. Any new government regulation, therefore, would be needless and unnecessary expense to both taxpayers and consumers.

The Association believes high quality can be maintained with a voluntary program that is put into place by the Mexicans in their own self-interest to provide the best possible table grapes to consumers. Currently most of the Association members participate in a voluntary quality inspection program in which the United States government inspectors are invited to the distributor warehouses in Nogales, Arizona. These voluntary programs have worked well. The problems of maintaining high quality for table grapes is not a difficult matter that requires new government intervention or regulation.

The Association believes, therefore, that there is no clear and specific need to amend Sec. 8e to include table grapes at this time and recommends against the legislation at hand.

Respectfully yours,

HARVEY R. CARR,
President.
MIKE M. MASAOKA,
Washington Representative.

MIKE MASAOKA ASSOCIATES,
Washington, D.C., July 1, 1982.

Hon. THAD COCHRAN,
Chairman, Subcommittee on Agricultural Production, Marketing, and Stabilization of Prices, Committee on Agriculture, Nutrition, and Forestry, Russell Senate Office Building, Washington, D.C.

DEAR SENATOR COCHRAN: On behalf of the West Mexico Vegetable Distributors Association of Nogales, Arizona which is an association of American businessmen who import fresh winter vegetables from Mexico, we wish to offer the following comments in response to statements made at the June 17, 1982, hearing before your Subcommittee on Agricultural Production, Marketing, and Stabilization of Prices.

1. We wish to correct the impression given at the hearing that a marketing order for table grapes would not affect or change the manner in which the current voluntary quality inspections would be conducted by the U.S. Department of Agriculture in Nogales, Arizona. Testimony was presented that the concern over so-called "open air inspection" was not important because the current method of inspections in the cooled warehouses of distributors can be continued.

2. The Association wishes to point out that grade quality inspections required by law under marketing orders must be conducted before the produce or fruit is

brought over the border at the U.S. Customs inspection station where there are no cooled facilities. All U.S. Government inspections at the border are conducted in the open air in Nogales.

The quality inspections cannot be conducted inside the U.S. border at the distributors' warehouses because the U.S. Government wants to be able to exclude from the U.S. produce or fruit that do not pass the inspection.

Association members import fresh vine ripened tomatoes from Mexico during the winter months which are subject to the marketing order in Florida and are inspected at the border, in the open air, before they are taken to the distributors' facilities.

The table grapes are shipped in cooled trucks (at 32 to 34 degrees F.) and require special handling. (See attached pages from "The Packer" on "Grapes".) If the cooled table grapes are exposed to the hot, open air at the border inspection station, moisture condensation can make the grapes unmarketable. That condition, called "sweating" in the industry, seriously affects grapes but does not always cause a similar problem with other fruits or produce. Tomatoes or cantaloupes that also are shipped in cooled trucks can be inspected "in the open air" because the shipping temperature is higher. For example, tomatoes are shipped at 50 to 55 degrees F.

2. Testimony was offered that indicated that the establishment of a marketing order would not discriminate against imports. The quality standards established for the California marketing order would apply to imported grapes but not to grapes that are grown in areas outside of the California marketing order area. In other words, table grapes from areas other than Coachella Valley, California, may not have to meet the standard but all imports would have to meet the Coachella Valley standard.

3. Association members are established American businessmen who are interested in the long range future and viability of the industry. Because of naturally occurring variation in fresh fruits and vegetables, some inadvertent shipment of premature fruit is inevitable. Association members are committed to the shipment of highest quality produce and fruit, and the Association works diligently and constantly with the USDA to make sure that the U.S. laws and regulations are followed, and exceeded in case of quality standards.

4. The Association would like the Subcommittee to be aware that even the setting of minimum quality standards can be manipulated and has the potential for use as nontariff trade barriers.

The Association thanks the Subcommittee for this opportunity to present its views in regard to the testimonies given on June 17. If we can provide additional information, please let us know.

Very truly yours,

HARVEY R. CARR,
President.
MIKE M. MASAOKA,
Washington Representative.

THE PACKER'S PRODUCE AVAILABILITY AND MERCHANDISING GUIDE—1981[1]

An alphabetical listing of shippers, shipper-growers, sales agents and brokers of fresh fruit and vegetables produced in the United States. Included are partial listings of Canadian and Mexican shippers and sales agencies, shipping district maps, comprehensive editorial features on commodities, varieties, in-store care, display and merchandising techniques. The Produce Availability and Merchandising Guide is alphabetized by commodity, state, shipping point and firm name with normal annual volume, season and brand names.

Compiled and published June, 1981, by the The Packer, Weekly National Fresh Fruit & Vegetable Industry newspaper. (The Packer, LXXXVIII, No. 53).

Produce Availability and Merchandising Guide Editor: Catherine Risch
Editor and Associate Publisher, The Packer: Paul Campbell
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Washington D.C. Correspondent: Larry Waterfield
Retail Editor: Nancy Teeter Wiebe
Grower Editor: Jonathan Rich
Markets Editor: Bill Doran
Cover art by DeAnn Merrifield-Kuse

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[1] Publishers notice.—The Packer: Issued every Saturday (except semi-weekly the third week in June and semi-weekly the last week in December). Subscription rates: United States, Canada and Mexico $30 per year, other foreign countries $60 per year. Publication office: 7950 College Blvd., P.O. Box 2939, Shawnee Mission, Kan. 66201. Second class postage paid at Sedalia, Mo. 65301 and additional mailing offices. Copyright 1981 by the Vance Publishing Corporation.

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There is a proven method for unpacking a lug of grapes that will keep grape clusters intact and the percent of shatter down.

First, remove the top carefully. Next, turn the box upside down gently, holding the lid in place to keep the grapes from falling out. Now, remove the lug so the grapes are held in place only by the liner.

Finally, remove the liner to permit the grapes to fall free. This simple method of unpacking has several advantages. You don't have to locate the key bunch of grapes. The bunches are separate and will be easier for the customer to remove, even if you replace them in the original container. Also, with extra large clusters, you can cut them up before replacing in the container or in bulk display, to prevent too much handling by the customer.

Varieties

Grapes are available on a year-round basis with the bulk being produced July through November. Supplies reach a lower level-February through May.

California leads in grape production and has supplies available practically year round. Arizona also is involved in production with a season that basically is confined to June and July. Several other states provide some supplies, notably Michigan, New York and Pennsylvania.

There are literally thousands of different grape varieties known, but only 40 or 50 have any significance as far as commercial production is concerned. Of these 40 or 50, only 10 or so are really important as far as fresh table grapes are concerned.

Popular European types include Thompson Seedless, Emperor, Tokay, Ribier, Cardinal, Almeria, Calmeria and Perlette. Of lesser importance are the varieties Italia, Olivette, Muscat and White Malaga. American types include Concord, Niagara, Catawba and Delaware.

Perlettes usually appear on the market first, becoming available the first week in June. Cardinals follow closely; moving around mid-June. Thompson Seedless is next and remains on the market June through November. Ribiers start in August, Tokays in September and Emperors in October.

Of the American varieties, Niagara, the leading American white type, is on the market September through early November. Concord, which is sometimes used as a table grape, is available September-October. Catawbas, which are used occasionally for table grapes, are available September through November and Delawares are available in mid-season.

European types are common to Arizona and California, while in other areas of the country American types are utilized.

Care

Storage characteristics of grapes vary depending on both the particular variety and the quality of the grape being stored.

European types will store well from one month to five months depending on the particular variety. American types do not store well, only a few weeks at best and this, again, is determined by the particular variety. The Catawba, the best-storing American variety, can be held five to eight weeks under the best conditions.

For storage of any length, the recommended temperature is 32 degrees Fahrenheit with relative humidity at 90 percent.

Controlled air movement is one of the requirements for good grape storage. Once harvested, field heat must be removed as soon as possible, otherwise stem drying, shriveling, shattering or infection will occur. Once field heat has been removed, there should be just enough air movement to keep respiratory heat out.

Stem coloring provides a good indication of storage quality. Well-matured stems of light green or straw color and in some varieties with a woody portion at the base, generally store well.

Grapes are sensitive to damage and should be handled carefully at all times. The white varieties in particular sustain easy damage. Do not stack grapes over three bunches high to eliminate problems in the display case.

Grapes that are well colored, plump and firmly attached to the stem are generally of good quality. White or green grapes will have a yellowish cast or straw color with a touch of amber when they are at their taste peak. Red varieties are best when red coloring predominates on all or most of the berries.

Stems that are predominately green and pliable will hold together best.

Avoid grapes that are soft or wrinkled as they may have been frozen or over-dried. A bleached area around the stem end indicates injury and poor quality. Decay is indicated by leaking.

Merchandising

Grapes are an impulse item and as such require attention to displays to really enhance consumer appeal. Strive for maximum visibility in all arrangements. For bulk displays utilize white paper to emphasize coloring and quality and also to make it easier for customers to select the bunch they want.

Don't overstack. As mentioned before, grapes are damaged easily and stacking even three bunches high can severely damage those on the bottom. Keep handling at a minimum whenever possible.

If possible, display next to soft fruits to lessen the chances of a heavier commodity (i.e. watermelon) making an untimely path through your grape display and your profits.

Keep grapes properly refrigerated to maintain optimum quality. Inspect displays frequently and remove any damaged or unattractive fruit.

Grades

Table grapes (European or Vinifera type) are subject to five grade standards: U.S. Extra Fancy Table, U.S. Extra Fancy Export, U.S. Fancy Table, U.S. Fancy Export and U.S. No. 1 Table. American (Eastern Type) bunch grapes are graded U.S. Fancy Table Grapes, U.S. No. 1 Table Grapes and U.S. No. 1 Juice Grapes.

The wood lug box, holding 24–28 pounds, is most commonly used for shipping grapes. Also used is the flat, holding 17–20 pounds and the sawdust chest, holding from 20–22 or 32–34 pounds.

Nutrition

Grapes are experiencing a steady rise in consumption levels. In 1979, per capita consumption was 3.4 pounds, up from 2.8 pounds per person recorded in 1970.

Grapes are a good snack for those dieting. One cupful contains 102 calories. Half a cupful of Thompson Seedless, approximately 60 medium-sized grapes, contains 66 calories.

GRAPES

Ideal temperature: 32 degrees

Relative humidity: 90 percent

Main varieties: Thompson Seedless, Emperor, Tokay, Ribier, Cardinal, Almeria, Calmeria and Perlette, Niagara, Concord, Catawba and Delaware.

Availability: Year round

Grades: U.S. Extra Fancy Table, U.S. No. 1 Table, U.S. Fancy Table Grapes, U.S. No. 1 Table Grapes and U.S. No. 1 Juice Grapes

Calorie value: 102 per cupful

VOLUME AVAILABILITY BY STATES AND SEASONS

State	Normal Shipping Seasons*												Volume (Tons)	
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	1980	3 yr. Avg.
ARIZONA						▨	■	▓					12,400	13,400
ARKANSAS								■	▓				40	197
CALIFORNIA	■	■	■	■	▨	■	■	■	■	■	■	■	527,000	479,667
MICHIGAN								▨	■	▓			1,700	1,933
MISSOURI								■	■				100	300
NEW YORK								▨	■	■	■		4,000	3,233
NORTH CAROLINA									■				1,100	1,283
OHIO									■	■			300	400
PENNSYLVANIA								▨	■	▓			2,000	1,600
WASHINGTON									■	■			400	434
OTHER STATES (GEORGIA, SOUTH CAROLINA)													1,950	1,867
U.S. TOTAL													550,990	504,113
% OF ANNUAL TOTAL	4	3	3	3	2	6	11	17	18	15	10	8		
CHILE		■	■	■	■	■	■	■					38,806	31,210
MEXICO													8,513	7,836

KEY* ■ MOST ACTIVE PERIOD ▨ NEW CROP BEGINS ▓ SHIPPING DECREASES ☐ NO SHIPPING

STATEMENT OF BERNARD J. IMMING, PRESIDENT, UNITED FRESH FRUIT AND VEGETABLE ASSOCIATION

The United Fresh Fruit and Vegetable Association, the national trade association of the fresh produce industry, is in support of S. 505, a bill to improve the quality of table grapes consumed in this country. United's member companies handle over 80% of the fresh fruits and vegetables commercially marketed—a $30 billion a year industry. They represent all factors in the industry including growers, shippers, wholesalers, retailers, importers and exporters.

S. 505 would amend Section 608(3)(1) of the Agricultural Marketing Act of 1937 to insure that imported table grapes meet the same requirements for maturity, grade, size and quality required of domestic table grape producers as specified in federal marketing order number 925. United has carefully analyzed this bill and has determined that its provisions would not impair the ability to import table grapes. Importers in some very limited cases would have to delay harvest for only a few days in order to meet the marketing order's sweetness (maturity) level.

We have had long discussions with the table grape growers in the Coachella Valley of California and are convinced that their only objective is to insure a consistently high quality table grape for the nation's consumers. Although regulations of this federal marketing order can be revised in future years, we are convinced that these growers will not seek to prevent the importation of table grapes by recommending to the Secretary of Agriculture standards that are unattainable by foreign producers.

In a 1972 study done jointly by the University of California at Davis researchers conducted a consumer taste test of table grapes at local supermarkets. Consumers were asked to judge their preference of preselected table grapes, which were grouped according to their sweetness (maturity) level. At the conclusion of this study the researchers proclaimed that "the strong preference shown by most tasters for the sweetest grapes (Thompson seedless) in this study and in that for 'perlette' grapes suggests that many would buy grapes, or perhaps buy more grapes, if they could purchase fruit they knew to be this sweet."

As Senator S. I. Hayakawa said in his letter to his Senate colleagues "to the extent that maintenance of consistent quality standards will help achieve a stable level of consumer demand, the legislation will benefit all producers of table grapes, both foreign and domestic." We agree with the Senator's assessment of the bill's impact on consumers and producers. One of the chief objectives of the United Fresh Fruit and Vegetable Association is to increase the consumption of fresh fruits and vegetables. This legislation will assist United and other producer and producer organizations in their quest to market additional quantities of table grapes to the nation's consumers at a reasonable cost.

The committee's favorable action on this bill would be appreciated by the United Fresh Fruit and Vegetable Association. We ask that this statement be incorporated into the subcommittee's hearing record on S. 505.

STATEMENT OF THE FOOD MARKETING INSTITUTE

The Food Marketing Institute (FMI) supports enactment of S. 505 to require that imported table grapes meet the same marketing order quality standards imposed on domestic grapes. FMI represents over 1100 food retail and wholesale firms that operate over 17,000 retail food stores. This comprises a combined sales volume of $120 billion—half of all grocery sales in the United States.

Marketing order standards help assure a supply of high quality grapes, and in the final analysis it is the consuming public that benefits. If the standards are not applied uniformly to all grapes competing for the same market, then the purpose of the standard is undermined. For this reason, FMI supports inclusion of table grapes in Section 8e of the Agricultural Adjustment Act.

Table grapes are one of the few agricultural products that must have consistent, high quality in order to assure consumer satisfaction. Someone who buys grapes, only to find when they get home that the grapes are not as tasty or as sweet as they anticipated, is less likely to buy more grapes. This is the concern or our industry and the reason FMI supports uniformly-applied quality standards. Studies undertaken in conjunction with selected supermarkets indicate that more grapes are sold if grapes of uniformly-high sugar content are offered for sale.

FMI members regard our industry as the purchasing agent for the consumer. Therefore we oppose, in principal, restrictions on the importation of wholesome food products because they tend to raise consumer prices. FMI does not like to see competition restricted. For this reason we recently opposed proposed restrictions on imported meats, and on another occasion we spoke against attempts to restrict the importation of Mexican vegetables. We have looked at S. 505 and from our perspective it does not impose an artificial trade barrier. Mexico produces good grapes and is fully capable of meeting the standards imposed on domestic grapes. Therefore, in our opinion, to require the same high quality standards of both domestic and imported grapes is not a trade restriction.

A very good analogy exists in the electronics area—the Underwriters Laboratory (UL) certification. The UL code is important for safety reasons and its standareds are met by electronic products made both domestically and abroad. Certainly the code is not intended to be a trade restriction, and the table grape marketing order works the same way. Both assure that consumers are purchasing quality products they can trust.

The Department of Agriculture has also looked at the question of restricting imports. Their study of October 15, 1981, entitled a Review of Federal Marketing Orders for Fruits, Vegetables and Speciality Crops: Economic Efficiency and Welfare Implications, states that "if standards imposed under the orders are uniform and reasonably reflect distributor and consumer perceptions of minimum desirable quality, then the standards do not severly restrict imports and potentially avoid deterioration of demand."

Additionally, it has not come to FMI's attention that the sixteen agricultural products presently covered by the 1951 amendment have, over the years, experienced any importation difficulties related to marketing orders.

The Food Marketing Institute appreciates the opportunity to inform the Committee of its support for S. 505.

California Farm Bureau Federation,
Sacramento, Calif., June 16, 1982.

Hon. S.I. Hayakawa,
Senate Committee on Agriculture, Nutrition and Forestry,
Russell Senate Office Building, Washington, D.C.

Dear Sir: The California Farm Bureau Federation, the state's largest general farm organization with over 97,000 member families, supports S. 505 as introduced by Senator S. I. Hayakawa.

American Farm Bureau Federation policy recommends that all imported agricultural products be subject to the same inspection, sanitary, quality, labeling and residue standards as domestic products. It also states that any products that do not meet these standards should be refused entry. The California Farm Bureau Federation Board of Directors, upon recommendation of its 1982 Grape Advisory Committee, has specifically indicated its support of table grape standards which insure a quality product.

S. 505 is needed to provide the domestic table grape industry the opportunity to compete with table grapes imported into the U.S. on an equal basis and protect consumers from purchasing a poor quality product. This legislation will only provide the authority for regulation of table grape standards as approved by the fedeal marketing order for California desert grapes and is not designed to restrict the quantity of grapes imported. S. 505 would also help ensure that the efforts of the domestic grape industry to improve and promote its product are not confounded by lower quality imports. The consumer often does not know the origin of grapes in the produce section, therefore cannot differentiate between Coachella Valley grapes that have quality standards, and imported Mexican grapes, which do not.

We urge passage of S. 505 and thank you for your consideration of our views.

Sincerely,

Henry J. Voss, *President.*

[Telegram]

Arizona Grape Growers Association,
Glendale, Ariz., June 16, 1982.

Hon. S. I. Hayakawa,
Committee on Agriculture, Nutrition and Forestry.
Russell Senate Office Building, Washington, D.C.

Dear Sir: The Arizona Grape Growers Association, representing the Table Grape Growers of Arizona, strongly supports S.B. 505 we urge the Subcommittee to report the bill as written, insure consistent products standards for American consumers and fair rules for competition for all producers.

PETER MARTORI, *Vice President.*

[Mailgram]

BRUCE CO.,
Fresno, Calif., June 10, 1982.

Re: Mailgram Dated May 17, 1982 and S. 505.

Hon. S. I. HAYAKAWA,
Dirksen Senate Office Building, Washington, D.C.

DEAR SIR: This is sent as a retraction and explanation of the prior wire. On May 23, 1982 I went to Nogales Arizona to buy Mexican grapes from Bob Farnsworth Sales, as stated in my prior wire I have bought from him for the past 5 or so years. Due to the quality and availability of grapes in Nogales I was forced to go to Coachella the week of May 31. I had not visited the Coachella Valley in many many years. After spending the week there and having my partner there an additional week it is obvious that Coachella Valley has the better quality and shipping facilities. The entire attitude in the Coachella area is of quality and efficiency. After seeing both shipping areas I now know why the California growers want uniform standards to force the Mexican growers to an equal footing on quality with them. The consumer will receive better quality through the passage of S. 505 and those who strive for quality in their growing and shipping of grapes will be rewarded for their efforts, those who oppose standards of quality may do so because they know they can't reach them.

Best regards,

BRUCE LOFCHIE.

[S. 505, 97th Cong. 1st sess.]

A Bill To improve the quality of table grapes for marketing in the United States

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the first sentence of section 8e of the Agricultural Adjustment Act, as reenacted and amended by the Agricultural Marketing Act of 1937, as amended (7 U.S.C. 608e-1), is amended by inserting "table grapes," after "filberts,".

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